Daily Report

Latin America

FBIS-LAT-93-084
Tuesday
4 May 1993

Daily Report
Latin America

FBIS-LAT-93-084 *4 MAY 1993*

CONTENTS

NOTICE TO READERS: An • indicates material not disseminated in electronic form.

CARIBBEAN

Cuba

Foreign Minister Robaina Reaffirms Decision To Defend Revolution *[Havana Radio]* 1
'Let Us Save Hope' Solidarity Rally Held 3 May 1
Robaina on 'Process of Changes' *[Havana Radio]* 1
Program To Fight Embargo Discussed *[Havana Radio]* 1
People Said 'Bracing Themselves' for 'Even Harder Times' *[Madrid EFE]* 1
Agriculture Minister Cited on Crop Production, Harvests *[Havana TV]* 2
Havana City Provincial Assembly President on Administrative Councils *[Havana Radio]* 3
Ciego de Avila Province 'Five-Star' Hotel Complex Inaugurated *[Havana TV]* 3
Curacao-Havana Direct Flight Inaugurated *[Havana Radio]* 3
Prosecutor Asks For 20-Year Sentence for Audiovisuals Ex-General Manager *[Havana Radio]* 4
Holguin Criminal Chamber Sanctions 188 for Stealing Livestock *[Havana Radio]* 4
Commentary Asks Why Guantanamo Base Still Open *[Havana Radio]* 4
Radioactive Waste Treatment Said 'Best in the Third World' *[Havana Radio]* 4
Scientific Research With Plants Viewed *[Havana Radio]* 5
Regional Conference Recognizes Accomplishment in Demographic, Social Fields *[Havana Radio]* 5
Donation Arrives From UK To Help Alleviate Storm Damage *[Havana TV]* 6
Council of State Vice President Addresses Pan-African Conference 30 Apr *[Havana Radio]* 6
Meets With Nigerian President 1 May *[Havana Radio]* 6
Meets With Ghanaian President *[Havana Radio]* 6
CECE Minister President Heads Delegation to Commission Sessions With Libya *[Havana Radio]* 6
Officials Sign Book of Condolences for ANC's Tambo *[Havana Radio]* 6
Delegation Attends Space Conference of the Americas 2 May *[Havana Radio]* 7

Inter-Caribbean Affairs

Windward Islands Record 12 Percent Drop in Banana Exports *[CANA]* 7

Dominican Republic

Immigration Authorities Arrest 5 Cubans Using Altered U.S. Passports *[Santo Domingo Radio]* . 7

Haiti

Bazin on Embargo, Call for Solidarity, Emergency Fiscal Measures *[Port-au-Prince Radio]* 7
Alleged Drug-Trafficking Case Referred to Investigative Chambers *[Port-au-Prince Radio]* 8

St. Kitts and Nevis

Norwegian Nonresident Envoy Makes Familiarzation Visit *[CANA]* 8

MEXICO

Jalisco Governor Asks Local Congress To Extend Leave *[Mexico City TV]* 9
'Once Distant' Drug-Trafficking Incidents Said Becoming Commonplace *[Mexico City TV]* 9
Human Rights Chairman on Prisoners in U.S. Sentenced to Death *[Mexico City TV]* 9
Solana, German Counterpart Review Domestic, International Issues *[Mexico City TV]* 10

Foreign Minister, Japanese Counterpart Discuss Tax Treaty *[Tokyo KYODO]* 10

CENTRAL AMERICA

El Salvador

Cristiani Announces Changes for Armed Forces' Leadership 1 Jul
[EL DIARIO DE HOY 30 Apr] 11
FMLN's Saenz Says Political Commission Holding Talks on Presidential Ticket
[San Salvador Radio] 11

Nicaragua

UNO Accepts Chamorro's Invitation to National Dialogue *[Managua Radio]* 11
Presidency Minister Comments on National Dialogue *[Managua TV]* 12
Godoy Comments After First Round of National Dialogue *[Managua Radio]* 14
Daniel Ortega on Furthering Constitutional Reforms at National Dialogue *[Managua TV]* 15
UNO Coalition Coordinator Comments on Talks With Government *[Managua Radio]* 15
Armed Forces Commander in Chief on Military Reforms *[EL NUEVO DIARIO 3 May]* 16
Army Chief Supports Abolition of Military Service Law *[Managua TV]* 16
Government Presents Disarmament, Inventories Report to OAS *[Managua TV]* 17
Government, Army Confirm Plan To Increase Police Presence *[BARRICADA 29 Apr]* 18
Government Said To Negotiate Humberto Ortega's Departure *[Managua Radio]* 19
Radio Ya Director Retracts Charges Blaming FSLN Member for Attack *[BARRICADA 28 Apr]* .. 20
DEA Said 'Very Interested' in Installing Official Station *[BARRICADA 27 Apr]* 20

Panama

Polls Show People Prefer Singer Blades, Papa Egoro Party *[LA PRENSA 30 Apr]* 21
Poll Shows People Want U.S. Bases To Remain *[LA PRENSA 28 Apr]* 21
Poll Reveals Rejection of Possible Amnesty *[LA PRENSA 28 Apr]* 22
Correction to Government Minister on 1994 Elections Strategy 22

SOUTH AMERICA

Argentina

Menem Addresses Joint Session of Congress 1 May *[Buenos Aires TV]* 23
Foreign Ministry Submits Report to Congress *[NOTICIAS ARGENTINAS]* 27
Cavallo: Government Would Create 1 Million Jobs by End of Menem's Term
[BUENOS AIRES HERALD 3 May] 28
State-Owned Waterworks Company Handed Over to Private Hands
[BUENOS AIRES HERALD 29 Apr] 28
Navy Intercepts Fishing Ship Flying Spanish Flag *[NOTICIAS ARGENTINAS]* 29

Brazil

President Franco Cancels Uberaba Visit Due to 'Severe' Influenza *[Brasilia Radio]* 29
Franco Sanctions 1993 Budget Without Cuts *[O GLOBO 30 Apr]* 29
Resende Perceives 'Cold Reaction' From IMF on Submitted Goals
[FOLHA DE SAO PAULO 29 Apr] 30
Study Claims Central Bank's Monetary Policy 'Mistaken' *[O ESTADO DE SAO PAULO 3 May]* 30
Economic Advisers Said To Form 'Heterogeneous' Group *[O GLOBO 30 Apr]* 31
Missing Political Prisoners' Relatives To Receive Pensions *[O GLOBO 27 Apr]* 32
Angra-1 Losses To 'Easily' Surpass $10 Million *[O ESTADO DE SAO PAULO 29 Apr]* 32
* Ximenes Terms Economic Growth 'Very Difficult' *[FOLHA DE SAO PAULO 28 Mar]* 32
* 'Social Emergency' Reflected in Poverty Study *[CORREIO BRAZILIENSE 19 Mar]* 35

Chile

Argentine Official Interviewed on Security *[Santiago TV]* 36
Foreign Minister Terms Rio Group, EEC Meeting 'Positive'
[LA TERCERA DE LA HORA 26 Apr] 37
Southern Cone To Be Linked by Single Satellite *[Santiago Radio]* 37

Colombia

Escobar Seeks Guarantees, Says Pepes Still Operating *[Santa Fe de Bogota TV]* 38
Drug-Trafficking Representatives Said To Reach 'Peace Agreement' *[Madrid EFE]* 38
Army, FARC Columns Clash Near Sumapaz *[Santa Fe de Bogota TV]* 38
Pardo Acknowledges Insufficiency of Border Security *[Santa Fe de Bogota TV]* 38
German Government Refuses Visas to Soldiers *[Santa Fe de Bogota TV]* 39
Foreign Oil Companies Reject High Taxes *[Santa Fe de Bogota TV]* 39

Paraguay

Foreign Minister Rejects 'Possible' U.S. Military Intervention in Elections *[Asuncion TV]* 39
Oviedo Holds 'Secret' Meetings With Colorado Party Precinct Chairmen *[ABC COLOR 30 Apr]* . 40
Colorado Presidential Candidate Receiving 'Death Threats' *[HOY 30 Apr]* 40
Alleged Violation of Electoral Code Could Affect Elections *[ULTIMA HORA 3 May]* 40
EN's Caballero Vargas Discusses National Issues *[ULTIMA HORA 1 May]* 41
Vice Admiral Gonzalez To Occupy Main Office at Armed Forces Command
[ULTIMA HORA 28 Apr] 43
Central Bank President Cited on Economic Situation *[ABC COLOR 2 May]* 43
Waterway Project Launched in Asuncion *[ABC COLOR 28 Apr]* 44

Uruguay

Lacalle Concludes 3-Day Official Visit to Belgium *[Montevideo Radio]* 44
Agriculture Minister Returns, Comments *[Montevideo Radio]* 44

Cuba

Foreign Minister Robaina Reaffirms Decision To Defend Revolution

FL0105125893 Havana Radio Progreso Network in Spanish 1000 GMT 1 May 93

[Text] Foreign Minister Roberto Robaina reaffirmed the Cuban people and leaders' decision to defend the accomplishments of the revolution, especially in the fields of public health and education, during a meeting with foreign journalists covering the 1 May activities.

'Let Us Save Hope' Solidarity Rally Held 3 May

Robaina on 'Process of Changes'

PA0305152993 Havana Radio Havana Cuba in Spanish 1300 GMT 3 May 93

[Text] Cuban Foreign Minister Roberto Robaina said in Havana that Cuba will continue with its process of changes to improve society, without submitting to U.S. pressures. He participated in a solidarity rally for Cuba, organized under the slogan "Let Us Save Hope," with over 400 representatives, including about 120 trade unions from over 40 countries. The representatives came to participate alongside millions of Cubans marking international labor day.

The Cuban foreign minister said that the changes are being made in the Cuban style. We ask, he said, not that you agree with them, but that you understand these changes as the Cubans understand and respect the changes of others. Robaina said that there is no reason to put Cuba on trial and punish her with a blockade that even effects its children. It is the United States, which prevents the island from trading with others and going its own way in peace, that should be on the stand, he added.

Program To Fight Embargo Discussed

FL0305200693 Havana Radio Rebelde Network in Spanish 1700 GMT 3 May 93

[Excerpt] More than 400 participants at the "Let Us Save Hope" conference discussed a solid program to fight the embargo against Cuba. The meeting became an open tribune against the illegal embargo that has besieged our country for more than 30 years. Unionists from Cuba, other regional countries, and the world began the debate after an opening speech by Pedro Ross Leal and words by Foreign Minister Roberto Robaina on the importance of the different expressions of solidarity.

[Begin Robaina recording] Above all, I believe that at a time such as this, we have the basic obligation of expressing the respect we feel for those that dare to spend time with Cuba such as this time that you have dared to share with us. You dared to bypass a campaign. Historically, in our country, we greatly respect those who dare. [end recording] [passage omitted]

People Said 'Bracing Themselves' for 'Even Harder Times'

PA0105175793 Madrid EFE in Spanish 0740 GMT 1 May 93

[Report by Marisol Marin]

[Text] Havana, 1 May (EFE)—The Cuban people are bracing themselves for even harder times, including a drastic reduction of the remaining public transportation, power outages increased to eight hours a day, and a probable increase in the unemployment rate.

Several official sources warned in the past few days that the second half of 1993 will be even harder than the first, due mainly to the fuel shortage, which threatens to set the country's economy at the below-minimum level.

While in 1992 Cuba used up 6.2 million tons of fuel, this year the island succeeded in making arrangements for receiving only 3.3 million tons of oil from Russia and this in exchange for 1.5 million tons of sugar, whose production is expected to rise from 900,000 tons to 1.3 million tons.

Under these circumstances, the power outages, which had been lasting approximately eight hours weekly, will be stepped up to eight hours daily, at least in Havana, according to the local television.

Also in the capital, the already scarce public transportation will be cut down by two-thirds; that is, the number of trips will be reduced from 10,000 to 3,000 in a city with over 2 million people and which spreads over 739 sq km.

Local and foreign observers agree in that the restrictions, which were first applied in 1991 when President Fidel Castro announced that Cuba was about to enter a "special peacetime period," could set the country on the verge of paralysis during the second half of 1993.

At the time, the Cuban leader himself spoke of the possibility of a "zero option," a situation in which the country would theoretically function with minimum resources. Although this phrase disappeared from official speeches later, probably because of the fear it elicited, it again has become common on the streets.

Authorities are taking a census at working sites, particularly bureaucratic institutions, to study the possibility of keeping only essential personnel, those able to get to work either on foot or bicycle, a worker in one of these centers told EFE.

The rest of the personnel would be relocated in other departments of their working sites or any other positions but always close to their homes. Those who could not be relocated would be left without a job but would receive 60 percent of their salaries.

Another measure under consideration is to have workers retire early, men at 55 years of age instead of 60 and women at 50 instead of 55, according to the same sources.

According to European diplomats in Havana, it is extremely difficult to estimate the effect of these measures on the unemployment rate; first because this rate is unknown and second because there is a high rate of unreported work stoppage.

A diplomatic source recalled that 80 percent of Cuban industrial capacity, excluding the sugar industry, was already estimated to be idle last year.

Cuban authorities keep warning that this year's sugar production will be less than last year's, when it reached 7 million tons, both due to bad weather, which forced a stop in the harvest in March, and the shortage of fertilizers, fuel, and equipment in good condition.

Official sources said one month ago that the sugar industry has been forced to operate with less than 30 percent of its usual resources.

While the most pessimistic say the sugar crop will not reach even 5 million tons, the most optimistic are inclined to believe in a final crop of 6 million of tons of sugar, a product that has always brought the greatest revenue for Cuba.

Agriculture Minister Cited on Crop Production, Harvests

FL3004163693

[Editorial Report] Havana Tele Rebelde Network in Spanish at 0050 GMT on 30 April carries live its "This Very Day" program with host Hector Rodriguez and his guest Agriculture Minister Carlos Perez.

Perez recalls that January was a hot month but that the rain began approximately around 10 January in Pinar del Rio and Havana Provinces and that the winds from the south caused diseases to arise in the crops. He says that 300 caballerias of tomatoes had been planted in Pinar del Rio Province and 116 caballerias were completely lost and the other caballerias were affected in some way due to the rain. He explains that all together 675 caballerias of tomatoes had been planted in Havana and Pinar del Rio Provinces and the rain damaged caballerias in Pinar del Rio and Havana Provinces.

Perez credits yields obtained to the efforts of the Youth Labor Army and the Revolutionary Armed Forces in Pinar del Rio Province. Perez admits that other crops, besides the tomato crop, were affected but the damages could not be expressed in numbers. He explains that winds from the south, diseases, high temperatures, and contact with wet soil are all reasons for losses but the greatest damages were caused by the 13 March storm, mostly in the plantain crop in the western part of the country.

Perez says that there were 800 caballerias planted in plantains from Ciego de Avila Province to Pinar del Rio Province with minijet irrigation technology and these were the caballerias affected the most, especially Havana Province, which had 495 plantain caballerias. He adds that 6.5 million plantain plants were lost, which is approximately equal to 240 caballerias, but the recovery process was begun immediately and the areas affected recovered almost immediately.

Rodriguez says that the crops most affected were the tomato and plantain crops. Perez adds that the potato harvest was also affected as well as the onion, garlic, and cucumber crops but that the damages were not significant. He says that the plantain crop was affected the most. He explains that plantains have an annual production cycle, so by March 1994 the areas should be completely recovered; of course, this depends on the fact that no new cyclones or hurricanes occur.

Perez opines that Havana Province was the province most affected because of the volume and importance of the vegetables grown in Havana Province; it produces one-third of the vegetables grown in the country. But he does concede that Pinar del Rio Province was also seriously affected because of damages done in May 1992 and then again in January which continued in March and April.

Perez says that the rain benefited the water levels in the reservoirs, which also benefits agriculture. He mentions other crops that were benefited by the rain, like citrus fruits, the coffee crop, and livestock areas. He says the self-sufficiency process at each farm. He says that Camaguey Province produces 300,000 liters of milk daily and Granma, Las Tunas, Santiago de Cuba, Guantanamo, and Holguin Provinces are also improving their dairy and livestock situation.

Perez says the efforts that went into preparing a great winter season but the weather changed all that. He says that efforts to plant crops with a short-growing period; such as, boniato, tender corn, pumpkins, cucumbers and other important crops, is on-going. He reports that there are delays in the planting plan and adds that nationwide, 78 percent of the spring planting plan has been completed except for in Las Tunas Province. He attributes the delays to continued bad weather which makes it difficult to prepare the land and plant.

Talking about the cultivation of pumpkin, Perez explains that it takes 105 days for a pumpkin to be ready to harvest and boniato can be harvested in a little less than 120-130 days and it averages 4,000-4,500 quintals per caballeria while pumpkin only averages 1,000 quintals per caballeria. He says that Cuban research centers are working hard to find ways to improve pumpkin yields.

Perez reiterates that the agriculture sector should have experienced a general recovery by the end of the year. He acknowledges that he did not talk about the potato harvest and that it was affected but the harvest was not

bad; it was not great, but it was not bad. He attributes the potato harvest yields to the hard work and efforts of the agricultural workers. The 29-minute program concludes with Agricultural Minister Perez affirming that the country will be completely recovered from this situation by the end of the year.

Havana City Provincial Assembly President on Administrative Councils

FL0205204793

[Editorial Report] Havana Radio Rebelde Network in Spanish at 2300 GMT on 30 April carries an interview with Pedro Chavez, president of Havana City's Provincial Assembly, by reporter Felix Fernando Garrido on the "Exclusive" program.

Garrido opens the interview by asking Chavez for details on the constitution of the administrative councils and their involvement in the 1 May activities. Chavez comments that they are making preparations to participate in the 1 May activities to condemn the U.S. embargo.

Chavez explains that the creation of the administrative councils is another step to perfect the government as agreed in the Fourth Congress of the Communist Party of Cuba. Chavez discusses the responsibilities of the executive committees. He adds that the need to separate the executive, administrative function from the legislative function was evident. Under this new system, the presidency of the assembly represents the assembly in that the president is chosen and elected by the assembly. The president of the assembly convenes the assembly and meets with the permanent work commissions, but the president must pay heed to the delegates.

Chavez states that in 1977 there was an important political- administrative decentralization. He says that the provinces and municipalities direct education, health, trade, services, local transportation, construction, and maintenance. He adds that all activities related to the population in an area are locally managed. Chavez says that in the past these areas were directed by the state ministries; today, the administrative councils have taken on all these tasks.

Garrido asks about the qualifications of the members of the administrative council. Chavez says that a member of the administrative council does not have to be a delegate to the assembly. Chavez adds that they select the most capable and experienced individuals.

Garrido asks Chavez who elects the members of the councils. Chavez answers that the members of the council are recommended by the president of the assembly and elected by the assembly itself. Chavez says that an article in the Constitution states that the assemblies were to form a body to take care of executive-administrative issues; that body is the administrative council. He adds that there is central state administration at the national level, provincial administration at the provincial level, and municipal administration at the municipal level. Chavez says that the administrative councils in the provinces and municipalities are responsible for administration at those levels. He says that under the Constitution, the president of the assembly presides over the assembly.

Chavez says that on 10 April, the administrative council for Havana City Province was constituted. He adds that this council includes a secretary and six vice presidents with respective responsiblity for oversight of national industry and energy; distribution; global economy; construction, transportation and housing; education; and public health. He adds that the administrative council includes 12 additional members.

Garrido asks about the relationship between national leadership and provincial leadership. Chavez says that this is the perfecting of the system. He says that the administrative councils are accountable to the assemblies. Chavez stresses that the councils will have better control of resources. He notes that the municipal administrative council has ties with the provincial council. Chavez concludes by saying that the provincial council has the responsibility for drawing up the plans and the budget for the province and that this budget is strictly observed

Ciego de Avila Province 'Five-Star' Hotel Complex Inaugurated

FL0405015093 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 4 May 93

[Text] The Guitart-Cayo Coco Hotel complex was inaugurated in Ciego de Avila Province with the presence of 300 workers and the arrival of the first tourists.

The first international route in the province was inaugurated with the arrival at Maximo Gomez Airport of approximately 130 tourist from Toronto, Canada. The charter flight will arrive once a week with foreign visitors to the five-star Guitart-Cayo Coco Hotel. The facility was inaugurated on 19 April when it welcomed over 300 outstanding provincial workers who along with a guest, enjoyed, free of charge, a three-day stay.

The arrival of these flights and the beginning of the commercial use of this facility also activates the causeway between Maximo Gomez Airport and Cayo Coco. These facilities not only benefit the Cuban economy but also represent jobs for hundreds of youths getting a start in the labor force.

Curacao-Havana Direct Flight Inaugurated

FL0405011693 Havana Radio Rebelde Network in Spanish 2300 GMT 3 May 93

[Text] The beginning of a new direct flight between Curacao and Havana has opened today a new era in multidestination tourism in the Caribbean, said (Eduardo Mendes), Curacao's commissioner for development and the economy. He said: We trust this novel route will

offer an additional attraction to European tourists, especially those from the Netherlands, who will henceforth have the possibility of crossing the Atlantic to visit more than one Caribbean country.

Prosecutor Asks For 20-Year Sentence for Audiovisuals Ex-General Manager

PA0105212593 Havana Radio Havana Cuba in Spanish 0000 GMT 29 Apr 93

[Text] The prosecutor at Havana's Provincial People's Court has asked for a 20-year sentence for Cuban citizen Heberto Lopez Morales who, until his arrest last year, was general manager of the Caribbean Audiovisuals firm, which exports electronic equipment.

Lopez was prosecuted on charges of embezzlement, acts against economic plans and state contracts, and falsification of documents. Lopez withheld $700,000 from the Cuban economy, money to be used to pay company employees' salaries, and he evaded $47,530 in taxes, among other violations of Cuban law.

Holguin Criminal Chamber Sanctions 188 for Stealing Livestock

FL0405020793 Havana Radio Rebelde Network in Spanish 2300 GMT 3 May 93

[Text] The criminal chamber of the Holguin Province People's Tribunal has sanctioned 188 people charged with stealing and illegally slaughtering large livestock over a period of three months during which they were part of a criminal network that has been put out of commission by the Unified Vigilance and Protection System [SUVP]. These crimes led to the holding of 81 oral proceedings.

Of that total, 50 people were sentenced to three years' imprisonment; seventy-three received sentences of between three and six years; another eight received sentences ranging from six and eight years' imprisonment and one was sentenced to 16 years' imprisonment because the events were highly dangerous to society. [all figures as heard]

The criminal chamber imposed large fines on 43 others for having committed the crime of aiding and abetting, knowingly buying meat acquired unlawfully that they knew to be ill-gotten. These things contributed to the proliferation of the thefts and illegal slaughter of large livestock.

The great danger to society inherent in this criminal (?activity) because of its negative economic and moral consequences requires greater action on the part of the competent authorities via the mechanisms of the SUVP.

Commentary Asks Why Guantanamo Base Still Open

PA0105185293 Havana Radio Havana Cuba in Spanish 0000 GMT 29 Apr 93

[Commentary Roberto Morejon]

[Text] The Cuban people can find no reasonable explanation for the U.S. decision to exclude the base it illegally occupies in Cuba's Guantanamo Province, on the island's eastern end, from the list of military bases that will soon be closed.

According to available information, the Pentagon plans to dismantle a total of 31 military installations in the continental United States and another 24 abroad to reduce its military expenses, which are truly astronomical due to the arms race conducted by the previous administrations.

At the beginning of the century, as a result of the infamous Platt Amendment, Washington imposed on Cuba an agreement whereby it would lease part of the island's territory. This pseudolegal document was the price Cuba had to pay in exchange for the withdrawal of the U.S. occupiers who had seized the opportunity to burst onto the island at the time of the conflict between Cuba and Spain.

Ninety years after their forced introduction, the base remains in the hands of the U.S. Armed Forces despite Havana's demands for its return and its complaints over the immorality of the Platt Amendment.

In the opinion of General Raul Castro, the Cuban defense minister, the Guantanamo enclave is only a source of expense to the Pentagon, because all of its provisions must be brought in from the United States. In an interview granted to EL SOL DE MEXICO, Raul Castro explained that the base is totally obsolete for U.S. defense strategy. The installation, located on the eastern end of Cuba and which is illegally occupied by the United States, lacks the natural conditions to house large naval air units and cannot be used to even train troops.

Nevertheless, the Reagan and Bush administrations turned Guantanamo into a very expensive enclave that served to provoke the Cuban people through spectacular military exercises aimed at creating tension in the Caribbean nation.

If, in light of the alleged end of the cold war, the Western powers assert that military expenses must be reduced and if the United States urgently needs financial resources to reverse the economic recession, then one could ask: Why is the Guantanamo base still open?

Radioactive Waste Treatment Said 'Best in the Third World'

FL0305150193 Havana Radio Progreso Network in Spanish 1100 GMT 3 May 93

[Commentary by Eduardo Gonzalez on the "First Hour" program]

[Text] I believe radioactive waste is and will be, in the long term, the biggest challenge that the peaceful use of the atom presents to scientists. Radioactive waste generally does not lose the ability to emit radiation over many thousands of years; during that time, it must be stored in conditions where it does not threaten mankind or the environment. Even though we still do not have nuclear fuel or large quantities of radioactive products, in Cuba we use and produce radiopharmaceuticals and sources of radiation for the medical, agricultural, and industrial fields. This is the reason why we are visiting today the modern radioactive waste treatment plant, which centralizes the collection and handling of these materials. We were received by Nibaldo Garcia, chief engineer of the plant, whom we asked: What happens to radioactive waste in our country?

[Begin Garcia recording] The Cuban world program does not allow dumping of any type of radioactive substance into the environment, which is the reason why the plant was built. Its main functions include: centralized collection of radioactive waste and of unused sealed sources generated by the entities that use this type of material; treatment of this waste; temporary storage of treated waste and unused sealed sources; and development of the scientific-technical base required for the proper execution of the national policy concerning waste disposal.

With this plant, the Cuban nuclear program has a safety support for the protection of mankind and the environment. [end recording]

The Cuban system for treating radioactive waste is undoubtedly the best in the Third World and is at the level of that in many of the developed countries. This plant is the object of the admiration of visiting foreign experts and the pride of our specialists.

Radiological safety is another significant achievement of the revolution.

Scientific Research With Plants Viewed

PA0305184093 Havana Radio Havana Cuba in Spanish 0000 GMT 30 Apr 93

[Commentary by Roberto Morejon]

[Text] The use of plants in medicine and for nutrition in Cuba is far from being a desperate resource to face an alleged economic collapse that, according to foreign journalistic sources, is imminent.

Cuban scientists believe that nature is man's best ally and that many resources, some of them unexploited, can be obtained from it to produce more profitable and unique medicines in the international market.

The pharmaceutical industry, radio technology, tourism, sugar production, and the food program aimed at guaranteeing domestic supplies of agricultural products are priority activities in Cuba at a time when there are not enough funds for investment. Concentrating efforts in Cuban pharmaceutical research is in line with the innovative nature of this industry in the world.

Within the framework of global competition, Cubans know that the ability to introduce new products is the main factor that determines profitability. According to Spanish businessman Eduardo de la Pena, a key factor in the pharmaceutical industry is to avoid being excessively dependent on supplies and technology from the multinational companies currently controlling the markets. Cuban scientists agree with this concept and are studying the possibility of substituting scarce raw materials with natural products, including using plants and sugarcane by-products.

So far, Cuban scientists have produced a total of 900 pharmaceutical formulas and have established a list of 260 therapeutical medicines that can be obtained from 69 medicinal plants. In addition, Cuban experts have noted the nutritional value of certain plants, leaves, and seeds, which eventually could be a solution.

Recommendations in that regard mentioned in the Cuban media were distorted abroad. It was said the government is encouraging people to eat plants to counter alleged starvation. Despite this highly unfavorable campaign, local experts continue their scientific research and have said that they will not abandon their laboratories, as nature has unexploited resources capable of improving nutrition and preserving health in human beings.

Regional Conference Recognizes Accomplishment in Demographic, Social Fields

FL0305215093 Havana Radio Rebelde Network in Spanish 1700 GMT 3 May 93

[Text] Cuba was ratified as vice president of the directorate of the Regional Conference on Population and Development which began on 3 May in Mexico. This is in recognition of Cuba's accomplishment in demographic and social fields. Raul Taladrid Suarez, vice minister of the State Committee for Economic Cooperation and head of the Cuban delegation to the conference, provided PRENSA LATINA with the data that support this recognition.

Despite being a developing country and having been embargoed for over 30 years, significant accomplishments have been obtained in Cuba's main demographic indexes. Cuba is one of a handful of nations in an advanced stage of what is called demographic transition. In 1960, the birth rate was 60.1 per every 1,000 inhabitants and by 1991 this rate had been reduced to 14 per every 1,000 live births [as heard]. Infant mortality rates were reduced to 10.3 per every 1,000 live births and maternal mortality was reduced to 3.2 per for every 100,000 females. The present life expectancy is 77 years and the general fecundity rate is 1.66 per female, down from 4.07 in 1960. Taladrid said, however, that although

the major problems have been solved, others exist, such as teenage pregnancies, abortions, and the short span between pregnancies.

Donation Arrives From UK To Help Alleviate Storm Damage

FL0305012993 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 3 May 93

[Text] A donation worth $300,000 arrived today from the United Kingdom to help alleviate damage caused by the storm of the century. This gesture of solidarity was sent through the UN Children's Fund and consists of powdered milk, vitamins B-1, A, and C, and herbicides to help damaged plantations. The spokesperson for the donation was Leycester Coltman, British ambassador to Cuba.

[Begin Coltman recording] We have been told that these donations will be distributed mainly to children's hospitals and also, regarding agriculture, to the damaged areas to help in the recovery of the land that was affected and suffered damage as a consequence of flooding. [end recording]

Rafael Roque, representative of the State Committee for Economic Cooperation, said that part of this donation had already reached Cuba from the European Community. Recently, the UN Food and Agriculture Organization also delivered a donation of emergency aid worth $260,000.

Council of State Vice President Addresses Pan-African Conference 30 Apr

FL0105015993 Havana Radio Rebelde Network in Spanish 2300 GMT 30 Apr 93

[Text] In Nigeria Cuba has come out favoring the establishment of, for world history, who the debtor nations are and who the creditor nations are, especially concerning the slave trade. Esteban Lazo, vice president of the Cuban Council of State, addressed the pan-African conference on reparations to the countries victimized by slavery meeting in Abuja, the new Nigerian capital.

Lazo also passed on a message of solidarity with the so-called Black Continent from Cuba's president, Fidel Castro, and made reference to some of the more obvious instances of our country's cooperation with that part of the world.

The Cuban vice president then left for Ghana on an official visit in response to a governmental invitation.

Meets With Nigerian President 1 May

FL0105115493 Havana Radio Rebelde Network in Spanish 0900 GMT 1 May 93

[Text] Nigerian President Ibrahim Babangida has met with Esteban Lazo, vice president of the Cuban Council of State, in Lagos. In this meeting, both leaders spoke about different aspects of bilateral relations and the current international situation. The Nigerian president pointed out Cuba's role in solidarity with the African peoples.

Lazo is visiting several African nations at the head of an official delegation. He is now in Ghana.

Meets With Ghanaian President

FL0205190393 Havana Radio Rebelde Network in Spanish 1700 GMT 1 May 93

[Text] Ghana's radio and television have reported that Ghanaian President Jerry Rawlings has met with a Cuban delegation, headed by Esteban Lazo, vice president of the Cuban Council of State. During the meeting, which focused on the progress and strengthening of bilateral relations, Lazo gave Rawlings a warm greeting from Cuban President Fidel Castro and the Cuban people.

Lazo, who was accompanied by Domestic Trade Minister Manuel Vila Sosa and Armando Entralgo, director of the African and Middle East Studies Center, also met with other high-level government and local Parliament figures. Since 29 April, the Cuban delegation has been participating in the Pan-African conference on reparations to the victim nations of slavery in Abuja, Nigeria. In this forum, Lazo relayed a message from President Fidel Castro to the so-called Black Continent.

The Cuban vice president arrived in Ghana on 30 April for an official visit in response to a government invitation. He was met by his local counterpart (Ron Harpa), who was happy to meet him.

CECE Minister President Heads Delegation to Commission Sessions With Libya

FL0405005293 Havana Radio Rebelde Network in Spanish 2300 GMT 3 May 93

[Text] Ernesto Melendez, minister president of the State Committee for Economic Cooperation [CECE], is in Tripoli. He is heading a Cuban delegation that is participating in the ninth period of sessions of the Cuba-Libya mixed intergovernmental commission. Experts from the two countries have already discussed different aspects of bilateral economic and trade relations, as well as the possible signing of new projects to increase cooperation.

Officials Sign Book of Condolences for ANC's Tambo

FL0105020093 Havana Radio Rebelde Network in Spanish 2300 GMT 30 Apr 93

[Text] Juan Almeida, commander of the revolution, Jose Ramon Balaguer, and Foreign Minister Roberto Robaina today signed the book of condolences for the death of South African fighter Oliver Tambo. These members of the Politburo of the Communist Party of Cuba visited the African National Congress [ANC] mission here in Havana this afternoon. Other Cuban leaders

and a large representation of the diplomatic corps accredited in Cuba also attended.

Delegation Attends Space Conference of the Americas 2 May

FL0205205193 Havana Radio Reloj Network in Spanish 1958 GMT 2 May 93

[Text] The Cuban delegation to the second space conference of the Americas in Chile, personally headed by Arnaldo Tamayo, said our country would work alongside other nations on mutually beneficial scientific projects.

Inter-Caribbean Affairs

Windward Islands Record 12 Percent Drop in Banana Exports

FL0305200893 Bridgetown CANA in English 1749 GMT 3 May 93

[Text] Castries, St. Lucia, May 3, CANA—The Windward Islands recorded a 12 per cent drop in banana exports to Europe during the first three months of this year, compared with 1992, the St. Lucia-based Windward Islands Banana Growers Association (Winban) said on Monday.

It added production was down in all four islands - Dominica, Grenada, St. Lucia and St. Vincent and the Grenadines - while lower earnings were also due mainly to a depreciation of the British pound.

Winban said St. Lucia, the main banana-producing state, exported 27,702 tonnes during the first three months of 1993, compared with 30,549 tonnes last year.

Last year the island received EC42.48 million dollars (one EC dollar - 37 U.S. cents) as against EC30.50 million dollars (one EC dollar - 37 cents U.S.) in 1993.

St. Vincent and the Grenadines' exports of 18,096 tonnes were down from 20,897 in 1992.

The island's revenue dropped from EC27.75 million dollars in 1992 to 18.70 million this year.

Dominica with an output of 14,452 tonnes in 1992, saw that figure drop to 12,348 tonnes in 1993.

Its earnings from the industry also declined from EC19.93 million dollars last year to EC13.86 million in 1993.

Grenada had the lowest production figure for both 1992 and 1993.

Winban said last year Grenada, whose industry is facing a disease problem, shipped 1,728 tonnes estimated at EC2.21 million dollars.

This year, the island's production for the first quarter has been put at 1,359 tonnes, with revenue being 1.24 million dollars.

Winban said overall the production figures for the four islands dropped by 12 per cent and revenue earnings were also down by 30.4 per cent.

The British pound has been showing a steady decline on the money market, with Winban reporting the average exchange rate last year was EC4.71 dollars as against EC3.96 dollars so far in 1993.

Also the price paid to the local associations dropped from an average 62.09 cents per pound to 48 cents.

The Windward Islands have been lobbying Europe to maintain its preferential treatment for fruit sold in Britain, a factor which has been heavily criticised by Latin American countries, producers of the so-called "dollar fruit" and some European countries notably Germany.

St. Lucia's Prime Minister John Compton told Parliament last week the Windward Island leaders would be meeting with the United States trade representative during the General Agreement on Trade and Tariff (GATT) negotiations to explain the Caribbean's position on the importance of bananas to their economies.

Dominican Republic

Immigration Authorities Arrest 5 Cubans Using Altered U.S. Passports

FL0305181693 Santo Domingo Radio-Television Dominicana Radio Network in Spanish 1600 GMT 3 May 93

[Text] On 1 May, immigration authorities at the International Airport of the Americas arrested five Cuban citizens who were attempting to fly to the United States illegally. Garabito Bernardo Cordova, Merci Collado Rodriguez, Gisselle Gomez Collado, Rosalba Gonzalez Perez, and Mardelis Collado Gonzalez were all using U.S. passports issued to other persons. The group was trying to board a U.S. commercial airline flight when immigration inspectors detected alterations on the passports.

The Cubans had arrived on a regular Cubana de Aviacion flight with the intention of flying to Miami. After their arrest, the five Cubans were taken to the headquarters of the National Police for questioning. A source from the General Directorate of Immigration said that the group would be repatriated tomorrow aboard a Cuban airline flight.

Haiti

Bazin on Embargo, Call for Solidarity, Emergency Fiscal Measures

FL0305155693 Port-au-Prince Radio Signal FM in French 1030 GMT 3 May 93 (tentative)

[Text] Here in Haiti, our prime minister rose to criticize the embargo without condemning the OAS. It was on

Labor Day [1 May] in Jacmel. In Prime Minister Marc Bazin's opinion, the embargo has two direct consequences: On the one hand, it increases poverty, which itself fosters clandestine emigration; on the other, the embargo hampers the action of the government. According to Mr. Bazin, the consensus government has managed, despite the embargo, to fulfill many initiatives such as the national sponsorship fund.

[Begin Bazin recording, in Creole] [words indistinct] is that given the current state of the country, if one is waiting for the embargo to be lifted before doing something, one may wait indefinitely. We said that what is more important to a country is the men and women of that country and that in matters of health, education, and nutrition the government spent nearly 100 million gourdes last year. We created—for the first time in Haiti—a national sponsorship fund that has allowed the government to join its money with that of the private sector to send to school 20,000 children who would not otherwise have a chance to go to school. [end recording]

The head of the consensus government congratulated himself on his achievements and took advantage of the opportunity to present a new phase of the effort. He sent out a call for national solidarity. To this end, the government will use citizens' contributions through the means of a fiscal effort of an emergency nature. Bazin, who did not specify the measures to be adopted, believes that they will allow the reduction of the disparity in revenues, the elimination of extreme poverty, and especially the creation of new investments.

Furthermore, Bazin called for union and national reconciliation to resolve the crisis. In other words, the head of the consensus government is still advocating a Haitian solution to the crisis.

[Begin Bazin recording, in Creole] My friends, what is happening? What is happening? There is no more communism. In the past, there was communism; one could say this one is capitalist, that one belongs to the World Bank, that one belongs to the IMF, and we have chosen something else. Now, everybody belongs to the IMF, everybody belongs to the World Bank. Communism does not exist any longer. What is the matter with you? What is the reason you cannot sit [words indistinct] the problem? What is the problem? We are poor; we are alone; we do not know how to read or write, while all foreigners are watching us. They have seen that we are unable to get together to solve a problem.

We do not have ideological problems; we do not have ideological debates; we do not have problems arising from racial differences; we do not have problems arising from religious differences; we do not have problems arising from linguistic differences. Everybody speaks the same language; everybody belongs to the same religion; everybody is the same color; everybody comes from the same place and everybody was born in the same place. If we cannot solve this problem, [words indistinct]. [end recording]

Alleged Drug-Trafficking Case Referred to Investigative Chambers

FL0305215293 Port-au-Prince Signal FM Radio in French 1030 GMT 3 May 93

[Excerpt] According to Public Prosecutor Wilson Ciceron, civilian and military authorities are allegedly involved in drug trafficking. After he agreed with Howard French's article published in THE NEW YORK TIMES, which said that drug money is reportedly hampering the negotiations in Haiti, the public prosecutor accepted that Haitian justice could not remain indifferent to such a situation. Ciceron announced on 30 April that the case was referred to the investigative chambers, which will facilitate an inquiry to identify the culprits and, if the case arises, to punish them. It will not be just like any other inquiry:

[Begin Ciceron regarding] As a responsible public prosecutor, I decided to refer the file to the investigative chambers so an inquiry, an objective inquiry can be opened into the matter to identify the culprits, those responsible, and then punish the culprits. I would like to take this opportunity to give you a definite guarantee that the inquiry will be serious and that the law will be enforced with utmost rigor despite all opposition from those who would be involved in this trafficking. [end recording]

Public Prosecutor Ciceron added that no arrest warrant has yet been issued, but if it is necessary, we will not fail to do it. [passage omitted]

St. Kitts and Nevis

Norwegian Nonresident Envoy Makes Familiarzation Visit

FL0305164693 Bridgetown CANA in English 1146 GMT 3 May 93

[Text] Basseterre, St. Kitts, May 3, CANA—Norway's first non-resident ambassador to St. Kitts and Nevis, Knut Berger, has been on a familiarisation visit here.

He presented his credentials to Governor General Sir Clemment Arrindell, and paid courtesy calls on Prime Minister Dr. Kennedy Simmonds as well as opposition leader Dr. Denzil Douglas.

An official statement here said Prime Minister Simmonds expressed the hope that St. Kitts and Nevis and Norway would continue to enjoy close diplomatic relations as both countries seek to address important bilateral and multinational issues in the international community.

The ambassador said he was aware of the efforts of the government here to diversify the economy, the improvements in the sugar industry and the islands' high rate of economic growth.

Jalisco Governor Asks Local Congress To Extend Leave

PA0305214293 Mexico City XHTV Television Network in Spanish 0200 GMT 30 Apr 93

[Report by Victor Martinez Acosta]

[Text] Guadalajara—Guillermo Cosio Vidaurri, governor of Jalisco who is on leave, asked the local congress to extend his leave for another year, on the grounds that the circumstances that caused him to leave his post still exist.

The Jalisco State Congress voted 24 to 10 to grant Cosio Vidaurri another year of leave from his post as governor. In a news conference, State Congress President Arnoldo Rubio Contreras announced that Cosio made the request in writing. The deputies held two sessions. In the first one, the request was submitted to the Government Commission for a ruling. In the second session, the deputies discussed a financial agreement linked to approval of Cosio Vidaurri's request. Twelve deputies were slated to speak: eight from the Institutional Revolutionary Party, PRI, one from the National Action Party, PAN, two from the Party of the Democratic Revolution, PRD, and one independent.

Opposition deputies expressed the opinion that the leave is a resignation in disguise. The PAN and the PRD called for special elections to be held. Of the eight PRI deputies who were scheduled to speak, only four actually took the floor. They said the state constitution provides for such a request and for it to be granted. Some praised Cosio for his decision; others said it is best for him to remain out of the picture for the sake of calm in Jalisco.

Two more sessions will be held on 7 May to choose an interim governor. Carlos Riveras is eligible to continue to fill the post. If he stays, he will have to request leave to remain away from his post as local deputy.

'Once Distant' Drug-Trafficking Incidents Said Becoming Commonplace

PA0205224793 Mexico City XHTV Television Network in Spanish 0200 GMT 1 May 93

[Text] Something is happening in Mexico regarding drug trafficking. The situation can no longer be ignored. Incidents that once seemed distant because they happened in other countries are becoming commonplace in Mexico.

On 7 November 1992, seven persons were shot to death inside the Cristin disco in Puerto Vallarta, Jalisco; twelve people were shot to death in Sinaloa on 18 January; in Huautla, Tlacotepec Municipality, Guerrero State, 24 people, including children, women and elderly individuals, were shot to death on 9 February; in Tijuana, Baja California, five members of a family were machine- gunned inside their home on 10 April; on 12 April in Cancun, Quintana Roo, Ciudad Juarez cartel leader Rafael Aguilar Guajardo was murdered; on 28 April, in the sunken park in Mexico City, two individuals murdered former Sinaloa attorney Francisco Rodolfo Alvarez Faver. Now, Mexico State's Ciudad Satellite has again experienced hours of anguish because of crime: on 18 April a store was attacked and one person killed; on 29 April a man was killed during a shoot-out with police. He was identified as Emilio Quintero Payan, a Guadalajara cartel leader and uncle of drug trafficker Rafael Caro Quintero. Deputy Prosecutor Carlos Florez confirmed Quintero Payan's death.

[Begin Florez recording] Authorities thought he was Ernesto Quevedo but it was finally established that the man's true name was Emilio Quintero Payan. [end recording]

Quintero Payan bore false credentials from the Attorney General's Office dated 1990, identifying him as a narcotics agent; he was the uncle of another well-known drug capo who is serving a sentence at the Almoloya de Juarez high security penitentiary.

[Begin recording] [unidentified reporter] What was the relationship between the dead man and Caro Quintero? [Florez] Emilio Quintero Payan was the uncle of Rafael Caro Quintero. [end recording]

During the shoot-out one of the drug traffickers fled and two, who had been wounded, were captured. They are Aurelio de la Vega de la Rocha of Sonora, Quintero Payan's lieutenant, and Enrique Sanchez Ramirez, who said that prior to the confrontation they were on the way to El Borreguito restaurant where one of their contacts was awaiting them.

During the shoot-out one Mexican Telephone System employee was killed while on duty and a client at El Borreguito restaurant was seriously wounded. The authorities seized high-powered weapons such as fragmentation grenades, and their vehicle from the drug traffickers.

Human Rights Chairman on Prisoners in U.S. Sentenced to Death

PA3004204993 Mexico City XHTV Television Network in Spanish 0200 GMT 28 Apr 93

[Report by Dalila Antuno]

[Text] Jorge Madrazo, chairman of the National Human Rights Commission, held a news conference to review the actions being taken concerning Mexicans sentenced to death in the United States.

Mexico will act with diligence and consistency to gain support for and defense of Mexican prisoners sentenced to death in the United States. Favorable evidence will be gathered in Mexico and Mexico's 40 consulates in the United States will monitor the trials against fellow citizens to defend them in the initial proceedings.

During the news conference, Madrazo and Eduardo Ibarrola, director general of consular affairs at the foreign secretariat, reported that they had met with seven Mexican prisoners sentenced to death at the maximum security prison in Huntsville, Texas.

[Begin Madrazo recording] The actions were not carried out with the intent of questioning the U.S. legal system. We did not want to question the legality of the sentence against fellow Mexican citizens. Referring to this matter, we cannot issue a statement on the innocence or guilt of the accused. [end recording]

They learned about the status of the Mexican prisoners and Madrazo said that they are receiving humane treatment.

[Begin Madrazo recording] Obviously, their mental condition is variable, but it is a result of the critical emotional situation they face. Ricardo Aldate said they die a little everyday given their situation. [end recording]

Nineteen Mexican inmates have been sentenced to death in five U.S. prisons. No execution date has been set for any of them.

Solana, German Counterpart Review Domestic, International Issues

PA0205040493 Mexico City XHTV Television Network in Spanish 0200 GMT 29 Apr 93

[Text] Mexico is strengthening its commercial and political relations with Germany. Fernando Solana, the Mexican foreign relations secretary, met with Klaus Kinkel, his German counterpart in Bonn. The two politicians reviewed domestic and international issues of common interest; the European unification process; the unified market system; the monetary unification of the old continent; the expansion of the G-12 community to include the countries in the north and east of Europe; the role of the UN in the changing world; and the situation in former Yugoslavia.

[Begin Kinkel recording, in German fading into Spanish translation] Economically and politically speaking, Mexico is one of the most important countries for Germany. We are greatly interested in broadening our commercial relations with this country. [end recording]

Solana believes that his country can invest alongside German capital investments in oil and construction companies located in former Communist Germany.

[Begin Solana recording] Besides thinking about substantial Mexican investments in eastern Germany, which in a very short time will surely become one of the industrial areas with the highest technological levels in the world, I believe we should look at bringing Mexican and German companies together to make strategic investments on both sides of the Atlantic. This would be a technological advantage for our country. [end recording]

Solana will preside over the commission on Germany and Mexico Toward the Year 2000, which meets in Hamburg.

Foreign Minister, Japanese Counterpart Discuss Tax Treaty

OW0405063593 Tokyo KYODO in English 0605 GMT 4 May 93

[Text] Mexico City, May 3 KYODO—The foreign ministers of Mexico and Japan discussed signing a bilateral tax treaty on Monday [3 May], and exchanged documents on cultural cooperation assistance, Japanese officials said.

After the meeting, visiting Japanese Foreign Minister Kabun Muto signed an official document to dispatch Japan overseas cooperation volunteers members to Mexico, they said.

The officials said Muto and Mexican Foreign Minister Fernando Solana Morales also exchanged views on the upcoming Tokyo summit of seven industrialized nations.

Afterward, Japan pledged up to 18 million yen in assistance for Mexico's National University to buy equipment for language education, they said.

El Salvador

Cristiani Announces Changes for Armed Forces' Leadership 1 Jul

PA0105162893 San Salvador EL DIARIO DE HOY in Spanish 30 Apr 93 p 99

[Text] President Alfredo Cristiani confirmed on 29 April that there will be important changes in the Armed Forces' leadership beginning on 1 July.

The changes might include the defense minister as well as chiefs of staff, the inspector general of the Armed Forces, and commanders of brigades, special units, and detachments.

Cristiani did not make known any names.

President Cristiani spoke to the media shortly after inaugurating the National Forum for Reflection on Education and Culture for Peace, which is being attended by UNESCO Secretary General Federico Mayor and representatives of UNICEF, the Pan American Health Organization, and other international organizations.

FMLN's Saenz Says Political Commission Holding Talks on Presidential Ticket

PA0205022993 San Salvador Radio Farabundo Marti Network in Spanish 1800 GMT 30 Apr 93

[Text] Miguel Saenz, a leader of the Communist Party and the Farabundo Marti National Liberation Front [FMLN], has said that the FMLN Political Commission is holding talks with various political figures to define its presidential ticket. According to Saenz, the following are being consulted: Ruben Zamora [vice president of the Legislative Assembly, and leader of the Block of Leftist Parties in the Democratic Convergence]; Abraham Rodriguez [a member of the Ad Hoc Commission on the Purging of the Armed Forces]; Victor Valle, [a member of the Democratic Convergence] and economist Hector Dada Hirezi.

[Begin Zamora recording] We are discussing the process of defining our presidential ticket. The FMLN Political Commission decided some weeks ago to hold a series of discussions with candidates presented by the Democratic Convergence [CD] and the National Revolutionary Movement [MNR]; the two candidates registered by the Christian Democratic party; and Mr. Hector Dada. During this stage, which is about to end, we planned extensive discussions. When these discussions end, the Political Commission will review the issue. We have agreed that whatever decision the Political Commission reaches must be presented to the rank and file. This is another very important aspect of our agreement as it is a part of the democratic exercise within the FMLN. [end recording]

Saenz said he did not believe the election of the candidates would be taken to a referendum among the FMLN rank and file since some organizations are larger than others, which would not allow all opinions to be heard on an equal basis. Saenz said that it is necessary for the organization with the largest membership to have greater opportunities.

Regarding the announcement made by Joaquin Villalobos, of the Salvadoran Revolutionary Party, supporting Abraham Rodriguez and the CTTL's [expansion unknown] support for the candidacy of Ruben Zamora, Saenz said that both cases violate the FMLN political agreement. This agreement calls for no organization to disclose the nominations publicly or before the rank and file. Miguel Saenz said that these actions have not caused any friction within the FMLN but have generated greater dynamics in the discussions. This is good, he said, but stressed that the situation must be handled with care, so as not to create friction. In addressing the possible coalitions the FMLN might consider, he said that first there must be a left-wing coalition between the USN [National Democratic Union], the MNR, FMLN and the CD. He added that after this must come a coalition with the Christian Democratic Party and the other more recently formed parties. Miguel Saenz—referring to rumors stating that the Communist Party is supporting the nomination of Ramon Mayorga—said that his party has not yet selected a candidate, since FMLN consensus is more important at this time.

Nicaragua

UNO Accepts Chamorro's Invitation to National Dialogue

PA0205015893 Managua Radio Catolica in Spanish 1100 GMT 29 Apr 93

[Letter from the National Opposition Union, UNO, to President Violeta de Chamorro issued in Managua; date not given]

[Text] Your Excellency
Violeta Barrios de Chamorro,
President of the Republic,
Your Office.

Dear President:

The National Opposition Union [UNO] hereby confirms its decision to accept your invitation sent in a letter dated 14 April, to begin a dialogue with you on 3 May 1993 at 1000, to discuss national problems and their possible solutions.

UNO will attend with a delegation including Vice President Dr. Virgilio Godoy Reyes, our official spokesman for the dialogue, and two representatives for each of the 10 parties comprising UNO.

We believe His Eminence Cardinal Miguel Obando y Bravo's presence in the dialogue scheduled to start on 3 May is highly important, so we have sent him an invitation; and we urge you to do likewise.

Your Excellency, please accept assurances of our consideration and esteem.

Truly yours,
UNO National Political Council
Wilfredo Navarro
Independent Liberal Party
Social Democratic Party
Communist Party of Nicaragua
National Conservative Party
Christian Democratic Union
Neo-Liberal Party, PALI
Conservative Popular Alliance
Liberal Constitutionalist Party
National Action Party
Nicaraguan Democratic Movement

Presidency Minister Comments on National Dialogue

PA0205154193 Managua Sistema Nacional de Television Network in Spanish 0230 GMT 30 Apr 93

[Passages in quotation marks recorded]

[Text] The government hopes the sectors invited by President Violeta de Chamorro to represent the nation at the national dialogue will propose viable solutions in accordance with what each believes are the country's main problems so a consensus is achieved to further unite the Nicaraguan family.

Presidency Minister Antonio Lacayo made these statements to the national press.

Lacayo said that what follows this first round of dialogue will depend on what those sectors propose.

[Lacayo] "The first round of talks will serve, as I have said before, not only to communicate each sector's evaluation of what has happened over these three years and to define the problems and challenges each sector believes our country faces as well as their solutions or proposals for solutions, but also to give us a glimpse of what should come later.

"It is possible that some negotiations on different topics and with the participation of all sectors could be held, or maybe a second round of talks could be held, or whatever is appropriate. The important thing is that the sectors propose ways of making this dialogue really constructive as opposed to past dialogues in the country at which there was a lot of talk, press, and speeches but little else.

"As the government, we want to discuss matters that really serve to unite the Nicaraguan family more regarding the task we have ahead, which is very clear: to deepen democracy and peace in our country and promote the overall development of Nicaraguans."

Lacayo explained why the government invited the Permanent Workers Congress separately from the supporting political groups.

[Lacayo] "They did not want the government to negotiate working class affairs with politicians but with representatives of the working class. That is why Mrs. Chamorro decided to begin this round of dialogue on the week of 3 May with the country's political forces, but also with the union and business sectors."

He said there is the possibility of a second round of dialogue with other sectors, aside from the political, business, and labor sectors.

[Lacayo] "In some sort of second stage, we intend to invite not only the representatives of the Catholic Church, the cardinal [Monsignor Miguel Obando y Bravo] in this case, but also representatives of Evangelical Churches, parties that are not in the National Assembly, the academic community, maybe the directors of the media, I think they could contribute a lot if they got involved, perhaps mayors, and other important sectors whose opinions should also be taken into account.

"Even the taxi drivers wanted to take part in the national dialogue. It seems the various sectors are very interested in participating. In that sense, democracy is bearing fruit. The people know by now that dialogue is the way to express each sector's opinion. That is good because it gradually replaces the forceful positions, which is what Nicaraguans were used to since the last century."

Lacayo explained the kind of conversation the government means to hold with the National Opposition Union on 3 May.

[Lacayo] "We believe that at the 3 May meeting, the cardinal's presence would give the meeting a degree of seriousness we do not desire. We want the meeting to be strictly friendly to prompt the relationship Mrs. Chamorro has always wanted with these sectors but that has been difficult to attain in the past.

"We believe it will be best if, in the measure that we notice there is the possibility for reaching an agreement, which I am sure will take weeks, individuals such as the cardinal begin appearing to guarantee fulfillment of the agreements. However, I do not think we want to subject the cardinal to a full week of wear. Besides, he will be out of the country on 3 May.

"Therefore, as Mrs. Violeta told him on 30 April, the government wants the cardinal and other individuals to serve as honor witnesses to the agreements we may reach."

That way the sectors invited to the dialogue have freedom to state the solutions they may deem best and analyze them in order for the solutions to have a national

consensus.

on Position on National Dialogue

PA0305210893 Managua Radio Nicaragua Network in Spanish 1100 GMT 3 May 93

[Communique issued by the Presidency Press and Information Directorate in Managua on 2 May]

[Text] In view of the beginning of the first round of the 1993 national dialogue, the Presidency Press and Information Directorate makes public the Presidency's resolve in facing the challenge of finding consensus solutions to the national problems. The following document explains the government's position:

Government's Position on the National Dialogue

Background

In her inauguration speech and all her public statements, President Violeta de Chamorro has underlined that this is a government of all Nicaraguans. The government has tried not to exclude anyone and to listen to everyone. Nevertheless, this task has not been fulfilled to the desired extent due to many reasons.

This administration received power peacefully but it received it from a government that had very different leanings and it could not change anything prior to taking office. It had to take over the country as it was. The state institutions and agencies had problems and did not adjust to the goals of the new administration, but the administration had to work with those state institutions and modify them along the way. This has been achieved to a great extent.

The political parties, the community organizations, trade unions, and professional organizations were divided, weak, or were not used to working under the new conditions created by the democratic opening. For this reason, they had to organize, change, and learn to function. At the same time, a large majority of the population was in a difficult socioeconomic situation. Nevertheless, they had to be asked to contribute to national reconciliation and reconstruction by postponing to a great extent the solution of their more immediate problems and they generously did so, giving the administration and the country a valuable margin of time.

We must also remember that the Nicaragua we love so much vitally depends on the cooperation of our international friends. We have received this cooperation, but to a great extent our friends have waited for us to first place our house in order. As a result, the government has not had sufficient opportunity to deal with some urgent demands from the Nicaraguans. Nevertheless, we have done our job and, as was shown in the recent meeting of the consultative group in Paris, our friends are now more willing to help Nicaragua to implement its own solutions to the most urgent problems, especially the poverty of a majority sector of the population.

Willingness To Hold a Dialogue to Resolve Problems

During its first three years, the administration has held dialogues, sometimes with one sector, other times with another sector, sometimes on one topic, other times on another topic, but it has not been possible to talk as much as we would have wanted. During this period, we have been able to confirm the saying that urgent issues come before important issues. These have been three years of urgent issues and emergencies. As a result, sometimes we have had to neglect some important issues to deal with less significant but unpostponable issues.

Nevertheless, we think that in these three years we have achieved results. Today we have a noticeably changed state structure, smaller in size but functional. Today we have state branches with problems and needs but clearly stronger than in 1990. Today we have more mature political parties which do not promote (?exclusions). They unanimously support peaceful discussion and condemn violence. Today we have professional and business organizations that are stronger and more participatory. Today we have union organizations that have learned to operate under the new conditions. Today we have a different country in which the formerly displaced people and refugees have returned to their places of origin, a country in which the demobilized members of the Army and the resistance have returned to civilian life, and a country in which daily life in general has returned to normal.

Above all, in these years, Nicaraguans have learned to hold a dialogue. In our history, we had not had the custom of listening to our opponents without getting angry, without fighting, and without sending them to prison or exile, or forcing them to wage war. If we could summarize the administration's great achievement in these years, it would be peaceful coexistence among parties, organizations, and individuals with the most different ideologies. The consolidation of all the aforementioned political, social, and economic aspects leads to favorable conditions for a better organized and more productive national dialogue. Nevertheless, to make this dialogue possible, there must a national resolve to achieve reconciliation, to move to the future, forgetting the past of violence, exclusions, and [word indistinct] of adversaries.

Today's Nicaragua is not the one of 1990. We have advanced. We have laid the foundations for the future but basic problems still exist. Their solution or continuation will determine the type of society our children will inherit. The Constitution must be updated, revising it from the perspective of each sector of society. We need to have our National Assembly functioning to the utmost of its capacity. We must guarantee full respect for human rights, strengthening the Judicial Branch, completing the transformation of the military institutions, and definitely solving the property problem with a solution that comes from everyone and is accepted by everyone. We must reactivate our economy, giving participation to everyone and eradicating the poverty of a large sector of

the population. We must further streamline the size and structure of the state, increasing the efficiency and coverage of health and education services. United, we must help those areas of the country that are in a critical situation so they can overcome their specific problems.

On beginning this dialogue on 3 May, we issue a call to all Nicaraguans so that together we will find the best solution to each of these problems and so that together we can implement these solutions.

How Do We View the Dialogue

The dialogue will be orderly and comprehensive. With the participation of the government, the state institutions, the political parties, the trade unions, and professional and community organizations, there will be many forums and groups to analyze many topics. We will differentiate between the essential and superficial topics, between the substantial and the formal aspects, so as to get to the bottom of the problems. In some topics, we will reach agreement rapidly while others will require lengthier discussions, but the willingness to reach an understanding will never cease.

The dialogue will not end when agreements are reached. The responsibility to implement the decisions continues. This responsibility may fall on various sectors in accordance with the topics. It might be the Legislative Branch with regard to the prompt approval of specific laws, the Executive Branch with regard to specific programs, the private economic sector jointly with the state with regard to productive reactivation, or local authorities and community organizations with regard to many social activities. Nevertheless, these sectors, which will be mainly responsible for these tasks, will have to continue to render accounts to the country on how they are fulfilling these responsibilities within the national agreement we all seek.

This national dialogue involves all Nicaraguans. The first great joint decision is the selection of the topics with altruism and generosity, placing the country's future ahead of personal or group interests, and without having procedural issues prevent the joint solution of the basic problems. Once these great national topics are decided, they will be discussed and analyzed in detail in diverse forums, meetings, and committees formed by the individuals who are the most interested and knowledgeable about each of the topics. We will go to these meetings without the banners of our organizations and only with the blue and white flag of Nicaragua.

The heads of all the state branches have a special responsibility in the favorable development of the national dialogue and, within their respective areas, in the implementation of its results. This responsibility is not of individuals but of institutions and passes on to the new officials when there are changes in positions. We call on the heads of the state branches to assume this high responsibility.

Expected Results

With the national dialogue, we seek the best solution to each of Nicaragua's important problems. We have a shared responsibility in the implementation of these solutions. The national dialogue and the resulting national agreement will also enable us to direct the significant and generous international aid to the most important problems. Above all, the national dialogue must lay the foundations for a lasting peace and for the definitive consolidation of democracy in our country, with full respect for human rights and the effective implementation of the government program in all areas. The national dialogue must provide everyone, without exclusion, the opportunity to participate in the great national decisions. This means that everyone will share power and this power, shared and implemented for the common good, is the essence of democracy and the main foundation of peace.

For all these reasons, the national dialogue should lead us to a happier, more prosperous, and equitable Nicaragua.
[Issued] Managua, 2 May 1993.

Godoy Comments After First Round of National Dialogue

PA0405033693 Managua Radio Nicaragua Network in Spanish 1800 GMT 3 May 93

[News conference by Vice President Virgilio Godoy with unidentified reporters at the Presidential Palace in Managua—live; broadcast in progress]

[Text] [Godoy] ...this was a meeting for sensitizing, we could say. The UNO [National Opposition Union] has presented its proposals, the government has received them—through the Executive Branch. We have agreed to meet again during the week of 10 May for a special meeting to advance the dialogue between the government and the UNO. We trust things will get better as days go by, as it was made clear that the coalition has a well-defined political will to discuss the country's problems.

I would say we have advanced a lot in this first session and we have attained a certain degree of understanding. At the end of the meeting, we agreed that there will be a dialogue between the UNO and Executive Branch first, and later we will start the national dialogue with all the other sectors. This does not mean the government cannot seek advice from, or listen to, other sectors in these days before there is an agreement between the government and the UNO.

[Reporter] What did UNO propose?
[Godoy] The proposals presented by the UNO were those with which you are familiar. We proposed to hold the dialogue in two chapters, one might say. The first would be a dialogue between the government or the

Executive Branch and the UNO, then a national dialogue in which the UNO would participate with the country's other political, social, and economic organizations.

The UNO also presented to the government an agenda that contemplates the dialogue as a process through which the political topics—the main topics you have been informed of—would be discussed first. Then we would discuss the economic and social topics, whether they want to discuss them separately or at the same time. But, for the time being, we will wait for the government to react officially to this proposal.

[Reporter] [words indistinct] from the UNO to sign any agreement that could stem from this dialogue?
[Godoy] We are not here to have fun, but with the most serious intentions imaginable. The UNO is ready to sign the agreements the country needs.

[Reporter] Are you happy with this first meeting?
[Godoy] I do think so because, even if there is still no white smoke, and it will not happen for weeks, we did not expect it to happen after a two-and-a-half or three-hour meeting. But at least we have advanced by listening to the positions of the parties and this is very constructive.

[Reporter] Those were the statements made by Vice President Virgilio Godoy, UNO spokesman, on leaving the first round of talks between the UNO and the Executive Branch in the framework of this national dialogue.

Vice President Godoy said he is happy with this first meeting, which lasted three hours at the Presidential Palace and which was attended by President Violeta Barrios de Chamorro and the UNO.

Daniel Ortega on Furthering Constitutional Reforms at National Dialogue

PA0205235893 Managua Canal Cuatro Television in Spanish 0300 GMT 29 Apr 93

[Text] On 28 April, Commander Daniel Ortega was invited to the National Assembly by the Constitutional Reform Commission to explain why the Sandinist National Liberation Front [FSLN] had requested the abolition of Constitutional Law 96, whereby youths must serve in the military. During his speech Commander Ortega appeared open and willing to initiate a process of further constitutional reforms through the FSLN and the National Assembly, as long as the suggested reforms are constructive. He made reference to positions adopted by other political parties seeking abolition of the Constitution or almost total reforms.

Commander Ortega said he is willing to suggest further constitutional reforms at the National Dialogue, in addition to those already suggested by the FSLN. There is unconfirmed speculation that the FSLN might propose a reduction of the presidential term from six to four years, as well as other social and economic reforms. Commander Ortega did not discuss this issue at length because it was virtually impossible to reach him following his meeting with the commission. An FSLN commission at the National Assembly may be preparing, however, a list of partial constitutional reforms which, as Commander Ortega stated, will be discussed at the National Dialogue.

The National Opposition Union faction at the National Assembly has also included constitutional reforms on its agenda, but they are the same 16 reforms they have been repeating for the past two or three years. Commander Ortega said the FSLN has taken the lead regarding partial constitutional reform; he said the FSLN had thus far refused to reform the Constitution because an effort was underway to disregard or totally abolish it, which was unacceptable to the FSLN.

UNO Coalition Coordinator Comments on Talks With Government

PA0405004993 Managua Radio Corporacion in Spanish 2300 GMT 3 May 93

[Text] No agreement was reached after several hours of dialogue between the government commission and representatives of the 10 parties of the National Opposition Union [UNO]. We are now waiting for a new invitation by the government to find the solutions sought by Nicaraguans for the country's problems to bring it out of its current crisis. This was stated by Arnoldo Aleman Lacayo, UNO coalition coordinator.

[Begin Aleman recording] First of all, I want to tell you that Dr. Virgilio Godoy presented the nine points that we believe must necessarily be included in the dialogue between the UNO and the government. After discussing the points for approximately two hours, it was noted that the dialogue must be held between the UNO and the government. It was decided that the dialogue must not pass to the next phase, because the current government is the result of an election that took Violeta Chamorro and Virgilio Godoy to the presidency. Hence, they are one and the same. A few minutes before leaving, I decided that there cannot be a national dialogue if there is no prior dialogue with the UNO. That was Emilio Pereira's last decision and we accepted it. We are now waiting for a new meeting to be held next week.

In any event, we are awaiting a new invitation by the government to attend the dialogue. We want to tell local and international written, spoken, and televised media that the UNO is aware that at this moment Nicaragua is mired in a terrible economic crisis. It believes the dialogue should not be prolonged, because hunger cannot wait, unemployment cannot wait, and we must face the political problem to engage with all the business and labor sectors in a discussion to reach an agreement for a national dialogue. The UNO is totally willing to do so. It is taking up the flag to save this country with its plan of national salvation presented to the people in the 1989 to 1990 election campaign. [end recording]

Armed Forces Commander in Chief on Military Reforms

PA040040893 Managua EL NUEVO DIARIO in Spanish 3 May 93 pp 1,8

[Text] According to reports by General Humberto Ortega, Armed Forces Commander in chief, the future EPS [Sandinist People's Army] organic law will include legal mechanisms that will block any attempt to reestablish conscription in Nicaragua. Gen. Ortega also agrees with the need to repeal Article 96 of the Constitution.

The bill proposal currently being polished by the EPS will be sent to President Violeta Chamorro for her to present to the National Assembly, according to the authority invested by the Political Constitution.

Additional details with respect to the future Military Organization Bill were reported by Gen. Ortega during a 29 April appearance before the National Assembly special commission. The Assembly has concluded the consultation period on this bill proposal, which is aimed at repealing Article 96 of the Political Constitution, which stipulates patriotic military service [SMP].

Ortega stated that with the new law, no politician in Nicaragua will be able to reestablish the SMP "because it will be impossible to implement as a result of the new mechanisms that will be established by law."

The EPS commander in chief admitted that more than 150,000 youngsters had been drafted by the Sandinist administration during the years the SMP was in effect.

He pointed out that before the SMP was enacted, at least 1 million Nicaraguans were involved in the military defense of the revolution. They included members of EPS units; the Paramilitary Combat Battalions, whose members were volunteers; and men who were stationed at numerous strategic sites throughout the country to protect economic objectives and coffee plantations.

Ortega also reported that since 1987 studies have been carried out within the highest ranks of the EPS to repeal gradually the SMP as the war diminished and the moment peace was accomplished.

During his appearance before the National Assembly commission with Major Gen. Joaquin Cuadra, chief of the EPS General Staff and other high ranking commanders, Ortega pointed out that even if the FSLN [Sandinist National Liberation Front], had won the 1990 elections under Daniel Ortega, "we had already included the gradual elimination of the SMP as part of the proposals to professionalize the Armed Forces."

Gen. Ortega rejected the proposition sold by right-wing sectors during the elections that the SMP was to blame for the war. He said that deaths should be blamed on the war not the military service. He also recalled that military service is currently in use in numerous states, including at the Vatican.

Ortega reported that in 1989 during the election campaign the EPS had frozen the SMP. The military officer described this as "the first stages of the SMP's repeal." At the same time he pointed out that "we were not making any false claims to the people by promising to change the SMP as part of the election campaign because, if the SMP had been eliminated in 1989 with the 20,000 recontras still operating, the Violeta Chamorro administration would not be here today, and neither would we have had the alternative that took place in Nicaragua."

According to Ortega, "Maybe the Sandinists and the contras would still be fighting and bleeding each other to death in the streets. That is what many have not yet understood, including those Sandinists who in 1989 suggested the need to eliminate the SMP. The 1990 elections would have been won, but at a cost of sinking the country in a total bloodbath."

Gen. Ortega pointed out that the current situation in Nicaragua means the government would have to pay wages to the soldiers that form the units, which is a contradiction considering the EPS need to cut unnecessary costs. [sentence as published]

The military chief said the EPS agrees on the need to establish deep constitutional reforms. But such reforms should be implemented in such a such a way as to give continuity to our historical accomplishments and to distance ourselves from mistakes and to overcome limitations.

Gen. Ortega reaffirmed the need for Nicaragua to have a professional army because there are situations such as the drug trade, which is an issue that can corrupt all state institutions. The drug issue is already a national security problem for the EPS.

Finally, Ortega stated that the EPS must be the principal bulwark of the government, the National Assembly, the Supreme Court of Justice, the electoral power, and society as a whole in order to fight against drug trafficking, "which has the potential to corrupt all institutions."

Army Chief Supports Abolition of Military Service Law

PA0205005293 Managua Canal Cuatro Television in Spanish 0300 GMT 30 Apr 93

[Report by Jorge Catin]

[Text] Army Chief General Humberto Ortega said on 30 April that the people will reject those who call for civil disobedience.

General Ortega supported the abolition of the military service law.

General Humberto Ortega appeared before the Constitutional Reforms Commission of the National Assembly

and emphasized the Army's total support for the abolition of Article 96 of the Constitution, which establishes compulsory military service.

According to the Army chief it was war itself, and not military service, that caused the death of young men.

We did not abolish the law when the campaign ended because we did not want to be demagogic and because the Contras were totally mobilized, said Ortega.

Later, the Army chief said the Army's basic law will be ready soon.

[Begin Ortega recording] It will be ready in a very short time. It will be delivered to the president and will be discussed and approved by the National Assembly that same year. Only a few details are still pending. This is something we discussed with the main commands and I believe that it will be quick in comming. [end recording]

Regarding the kidnapping at the Costa Rican Supreme Court of Justice, the military chief said the Police Directorate in Costa Rica is the cause of the lack of control over activities of this kind.

[Begin Ortega recording] I spoke with the Costa Rican authorities several times before the kidnapping and was told that the divisions within the Costa Rican public order and security forces have inevitably led to a weakening of the corps. A vertical command, as in the case of the Nicaraguan Army and police, allows greater control. It allows for a single line of thought and action, especially when facing drug trafficking activities. Drug traffickers have enormous power, and if the units are divided and have different chiefs, it is easier to corrupt and undermine each, one by one. [end recording]

Regarding threats made by radical National Opposition Union groups to initiate a campaign of civil disobedience, Ortega said:

[Begin Ortega recording] To call for civil disobedience is to virtually call for sabotage of production and of the normal operation of the government. It is a call for violence and war. [end recording]

Gen. Ortega ratified the Army's plans to implement a campaign to protect the country's harvests.

Government Presents Disarmament, Inventories Report to OAS

PA0205134293 Managua Sistema Nacional de Television Network in Spanish 0230 GMT 29 Apr 93

[Report by Claudia Sirias; passages in quotation marks recorded]

[Text] OAS Secretary General Joao Baena Soares called the complete report on the disarmament process and the weapons inventories presented by the Army an unprecedented event in the history of Central America. Nicaragua is the first country to present such a report to this regional organization. Presidency Minister Antonio Lacayo presided over the official presentation of the Army's updated inventory lists to OAS Secretary General Joao Baena Soares. Minister Lacayo highlighted the OAS' and Baena Soares' contribution and support for Nicaragua's pacification and disarmament process. He said the report details the whole disarmament process implemented after the National Resistance demobilization. He recalled that Nicaragua had presented the first inventory report to the OAS in April 1991 in accordance with the agreements of the Central American Security Commission.

[Lacayo] "We would also like to present the updated inventory report on weapons in our country, fully aware of the fact that we are the first country in Central America to do so, as a clear demonstration of the confidence we have in the OAS and its efforts to promote a reasonable balance of forces among the Central American countries as stated in the Esquipulas agreements. In doing so, we would like to report what we consider an unprecedented event in the history of our nations and an unmistakable demonstration of the pacifist will of the Nicaraguan people now that we live in democracy. "

Lacayo then announced the government's plans to guarantee security for all Nicaraguans, particularly for the production sector.

[Lacayo] "That is why I have been coordinating the efforts of the Government Ministry, the National Police, and the Army directed at implementing a specific police and military action plan to guarantee the successful conclusion of the agricultural cycle we are about to begin. The plan will be made public when it is implemented."

General Humberto Ortega presented a report on the Army's activities over the last three years. He said that since May 1990 when President Violeta Chamorro approved the reduction plan to 35,000 soldiers, the Army has decelerated its activities at an unprecedented rate. Of the 90,000 soldiers the Army had in 1990, 15,250 remained in November of 1992. A total of 10,500 officers moved on to civilian life, and the defense budget, which was $177 million in 1990, is now $36.5 million.

[Ortega] "Today the Nicaraguan Army is 40 percent smaller than the smallest of the remaining Central American armies."

He emphasized the work carried out by the special disarmament brigades, which will continue to operate until July 1993. The Sandinist People's Army materiel inventory was given to Secretary General Baena Soares by Deputy Foreign Minister Jose Bernard Pallais.

[Pallais] "I present this inventory, Mr. Secretary General, which includes the inventory of the weapons transferred by the Republic of Nicaragua over the past year

and reflects the country's desire for peace and reconciliation and the commitment to the true disarmament of Nicaragua." [applause]

The OAS secretary general said he was pleased with the peaceful wi l of the Nicaraguan Government.

[Soares] "The paths of war are being reopened in other regions of the world, but here the road to peace is being consolidated. For that I would like to express my respect and admiration to all Nicaraguans for your determination to move forward with your own solutions to your problems and with a process that will provide the tranquillity needed for the country to progress and develop. Here the words dialogue, understanding, and reconciliation have very specific meanings that are transformed into actions. I will take this information to the OAS along with my testimony that we, all those who care for Nicaraguans and Nicaragua, are pleased to see that the commitments made are in fact fulfilled. Thank you, Mr. Pallais." [applause]

Just before leaving for Washington, where the OAS headquarters are located, Secretary General Joao Baena Soares said Nicaragua meets the necessary requirements to host the upcoming General Assembly meeting. He said he would bear witness that the road to peace is being consolidated in Nicaragua.

Government, Army Confirm Plan To Increase Police Presence

PA3004182193 Managua BARRICADA in Spanish 29 Apr 93 pp 1, 10

[Report by Maria Alicia Talavera]

[Text] The Nicaraguan Government and Army on 28 April confirmed the implementation of a joint plan that involves an increased police presence to counter irregular groups which threaten the citizens' safety, particularly in Regions 1 and 6.

The announcement was made by Presidency Minister Antonio Lacayo and General Humberto Ortega, chief of the Sandinist People's Army [EPS], during the ceremony in which an updated inventory of the Nicaraguan Army forces and weapons was delivered to the OAS secretary general. Nicaragua is the first Central American country to deliver this inventory.

Ortega presented the inventory in the presence of diplomatic corps, EPS, National Police, and national and foreign media members.

Lacayo referred to the plan against irregular groups and said it involves police actions to guarantee the next harvest.

Likewise, Ortega said the irregular groups are made up of less than 1,000 men; adding that the plan "led" by the government will be implemented immediately and throughout the next months. The goal is to "dismantle irregular, criminal, and outlaw groups which threaten production activities, businessmen's daily activities, and the citizenry."

Major General Joaquin Cuadra Lacayo, chief of EPS staff, assured BARRICADA the Army's plans strive to control the situation, above all in Matagalpa, Jinotega, and Region 1 (Esteli), where "things are more critical."

He added: Likewise, "we are working with the government on an overall plan which guarantees a minimum basic stability that will allow us to provide protection during the next harvest, which we see with great concern."

Cuadra Lacayo announced a series of meeting with cabinet members to discuss the issue. Referring to the adoption of measures, he said they "are military measures, with a substantial increase in the police presence in certain municipalities and territories."

The plan also calls for a "more comfortable" availability of funds for the Special Disarmament Brigades (BED), because many of the armed groups "are willing to reach a settlement with the BED's and demobilize their men once military pressure is exerted."

Gen. Ortega on 28 April reported the EPS currently has 15,200 men and it has surpassed by 57 percent the goal (35,000 men) proposed by President Violeta de Chamorro in May 1990. This proves "the goal has been surpassed," he said recalling the EPS had the largest number of men—134,000—at the height of the war in 1987. The contra groups had 20,000 men.

Ortega said military per capita investments have been reduced and are currently the lowest in Latin America. The 1993 military budget is $36.5 million whereas the 1989 budget was $182 million.

He reasserted the EPS always maintained bank accounts abroad for normal transactions and to facilitate the purchase of supplies and equipment. Referring to this, he confirmed the existence of an account at the Toronto Meridian Bank; adding the Central Bank of Nicaragua assigns part of the EPS budget to this account on a monthly basis.

In December 1992 U.S. Senator Jesse Helms accused Ortega of embezzling government funds which he deposited every month in that bank. That was one of the arguments used by the congressman in his campaign to freeze U.S. aid to Nicaragua.

The military commander said the Nicaraguan Army is 40 percent smaller than the smallest Army in all the other Central American countries. [sentence as published] He revealed that 389 military facilities which existed in 1989 have been reduced to 47.

He announced his proposal to the government to extend the BED mission until June because 40,000 weapons are still in civilian hands. The BED's have recovered 41,086 rifles, 184 machine guns, 490 rocket launchers, 157

artillery pieces, 18,880 grenades, 7,000 mines, 15,533 kg of explosives, 6,623,420 rounds of ammunition, 5,332 rockets, 57,510 ammunition clips, and 77 pistols in one year through purchases and confiscations.

Referring to the Military Organization Law, Ortega said it currently is in the final phase, meaning it is being revised by the EPS High Command. The document will soon be sent to the Presidency as part of the necessary procedures for its approval. Talking about his resignation from the EPS command, he said: "This will not happen when Jesse Helms or others who seek revenge want; it will be done according to the needs of the military corps, the Nicaraguan nation, and the military career."

The OAS secretary general said he was pleased "to see pledges are fulfilled here."

Government Said To Negotiate Humberto Ortega's Departure

PA0205222993 Managua Radio Corporacion in Spanish 2200 GMT 29 Apr 93

[Text] For the United States to release the $50 million withheld by Congress, the Nicaraguan Government had to negotiate the head of General Humberto Ortega Saavedra, the Sandinist People's Army chief. The loan was released but under the condition that the general would have to leave in December 1995. Political circles stated that the Nicaraguan Government may again negotiate another $50 million loan by offering to remove Gen. Ortega from the Army by this December. That way, the Nicaraguan Government would be rid of the insect it has up its sleeve that does great harm to the Nicaraguan people.

National Opposition Union [UNO] Deputy Alfredo Cesar added that the national dialogue would only involve the government and UNO, the coalition that led it to power, with the participation of Cardinal Miguel Obando y Bravo.

[Begin recording] [Cesar] Where will this lead us? We have said time and again that as long as the government does not get really tough, and as long as Mrs. Chamorro does not take the responsibility of handing over to justice all the men who are killing people with impunity, these things will continue to occur. As a point of interest, a Sandinist [not further identified] was hit this time. He experienced what those who are not Sandinists have been going through for a long time. I feel this proves that they are not going to be spared when the situation gets out of control.

That is why all Nicaraguans must put their house in order, firmly exert authority, and not allow terrorist actions to go unpunished. In conclusion, I would like to say something about Humberto Ortega. This is what is happening. He said six months ago.... [pauses] In October of last year, Humberto Ortega arrogantly said during a news conference that he would step down in 1997. Six months later, it was officially confirmed that the government pledged to the United States that he will leave in 1995 at the latest. This means his head was negotiated for $50 million. That is a fact. Six months ago he said he was stepping down in 1997, and now he is leaving in 1995. Several analysts have told me: Maybe in exchange for another $50 million that the government must request in two months, his term could be negotiated down another two years [passage indistinct] .... because he did not listen to the prudent appeals that UNO made last year in the National Assembly. UNO asked him to state when he would step down and not try to stay on indefinitely because we were not going to tolerate this....

[Unidentified reporter interrupting] UNO was not saying that; UNO was interpreting the sentiment of the people.

[Cesar] It is the sentiment of the people, true, but we did this as the representatives of the people in the National Assembly last year. Since he clung to power and refused to leave, his departure was negotiated for $50 million in the next two years. His term was cut from 1997 to 1995. There is an official document [words indistinct], which cannot be denied. It is totally untrue that he will leave whenever the army decides. He will step down when the government is forced to remove him under pressure. It is as simple as that: The presssure of the people of Nicaragua combined with international pressure. Anything else would be false. The people know what the situation is. It is now up to us to increase the pressure to get him to leave.

[Reporter] [words indistinct] if he leaves in 1993, would that resolve most of the problems, not all of them, but most of our problems?

[Cesar] That is what really happened. We have seen that the $50 million loan that was released, and subsequent promises made at the Paris Club meeting, came with a series of conditions. The most important ones were setting a date for Humberto Ortega's departure and the dialogue with UNO. It is interesting that all these international agreements have [word indistinct] UNO directly in the past few weeks. The essential issue for the international community is the talks between the UNO and the president.

[Reporter] [question indistinct]

[Cesar] The essential issue is the dialogue between UNO and the president. Therein lies the origin of the political problem the country is experiencing. The well-known government shared between the Sandists and the president is also greatly hampering economic recovery for us. The shared government ends the day the president decides to return to the coalition that led her to power. That is why the 3 May dialogue is important. [end recording]

Radio Ya Director Retracts Charges Blaming FSLN Member for Attack

PA3004180293 Managua BARRICADA in Spanish 28 Apr 93 p 5

[Text] Radio Ya Director Carlos Guadamuz on 27 April retracted his charges blaming a member of the National Directorate of the Sandinist National Liberation Front [FSLN] for the attack on the radio station on 24 April.

On the night of 24 April, Guadamuz accused an unnamed member of the Sandinist leadership of having threatened him because the station aired an advertisement from the Managua mayor's office.

The attack elicited a wave of solidarity with the radio station, but various Sandinist sectors called on Guadamuz to moderate his statements and to resolve the situation through the appropriate judicial and party channels.

In a brief public statement, Guadamuz said that after meeting with Daniel Ortega "it was clarified that no leader or member of the FSLN National Directorate was involved in the action."

"I have to admit that the information I had received was erroneous and groundless," Guadamuz stated. The Radio Ya director said his charge was "hasty and rash" and made in "the heat of the attack."

Guadamuz concluded by expressing his "deepest respect for the FSLN National Directorate and Secretary General Daniel Ortega, with whom I have political ties and a deep friendship that no one and nothing can break."

DEA Said 'Very Interested' in Installing Official Station

PA3004230093 Managua BARRICADA in Spanish 27 Apr 93 pp 1, 12

[Text] The Drug Enforcement Agency, DEA, is very interested in installing an official station in Nicaragua in 1994 because, among other reasons, Nicaragua's economic situation and the undefended condition of its airspace and territorial waters are turning the country into "a suitable springboard for drug trafficking," according to sources close to Violeta Chamorro's administration.

Beneath this interest is a complex situation that includes Nicaragua's failure to fulfill its cooperation commitments, distrust of the National Police, and certain limitations imposed by the U.S. State Department.

Sources close to the Government Ministry assert that during the last five meetings with Government Ministry officials, DEA representatives suggested that an official protocol be signed to that end.

According to our sources, the DEA plans to contract former Nicaraguan policemen as support personnel for information gathering and land reconnaissance purposes.

Former Government Minister Carlos Hurtado announced in 1991 that within the short term the DEA would have a "physical presence" in Nicaragua. Nevertheless, the subject was kept under wraps until the Central American presidential summit in Belize, when press agencies asserted that the DEA would set up an office in Managua.

Deputy Government Minister Frank Cesar said he was "not aware" of this information and that it is quite unlikely that the DEA would establish an office in Managua because "it has offices in Costa Rica that also serve Managua" and with which the government exchanges information.

Meanwhile, a U.S. embassy source in Managua said: "Officially, the DEA has no plans to establish an office in Managua."

In contrast, a Mexican expert said that "from an operational point of view, if I were in the DEA's shoes, I would be interested in having an office in Managua. Managing information sources by remote control from Costa Rica is very complicated. Furthermore, the exchange of information with the local police cannot be totally fluid.

Despite the DEA's interest in Nicaragua, cooperation and counternarcotics training agreements between the U.S. and Nicaraguan Governments have not been fulfilled.

In September 1991 former Minister Hurtado and then U.S. Ambassador Harry Schlaudeman signed an agreement in which the U.S. Government pledged to provide "technical assistance to the National Police."

Points of the agreement included financial aid for $50,000 and training for officers. In November 1992 Government Minister Alfredo Mendieta said the Government Ministry was conducting negotiations with the DEA regarding officer training and financial aid to purchase equipment.

"To date we have not received technical assistance or training," Deputy Government Minister Frank Cesar confirmed. A National Police source confirmed that "only one officer attended a training seminar by the DEA" for one week!

How are we to view such a marked interest in Nicaragua in light of the resounding failure to fulfill counternarcotics training agreements?

The Mexican expert explained: "The DEA is a U.S. police organization that is authorized to conduct operations outside U.S. territory. In administrative terms it relies on the Justice Department, but in political terms it relies on the State Department."

"In Nicaragua's case, the State Department is hindering cooperation for a political reason: It has not fully accepted the, shall we say, communist origin of the Nicaraguan police," said the expert.

BARRICADA's investigation revealed one more aspect of the lack of interest in supporting Nicaragua's struggle against drugs: The National Police is not a U.S. apparatus.

The Mexican expert explained this situation by comparing it with Costa Rica. "The DEA created an apparatus there, the Joint Narcotics Intelligence Center, which is under its control. The DEA finances the organization, trains its officers, donates equipment, decides priorities...it even approves the appointment of chiefs."

DEA special agent Federico Villarreal summed up this perception during a visit to Nicaragua in June 1991, five months before Norwin Meneses was captured, when he said that Nicaragua does not have "a counternarcotics structure."

During that same period, former Minister Hurtado had proposed that Nicaragua's counternarcotics struggle should be a civilian apparatus independent from the National Police and under his direct control, according to an unofficial source.

"Obviously, the ideal situation for the DEA would be the creation of a new police counternarcotics apparatus. This would allow it to obtain approval from the State Department to establish its offices, train officers, donate equipment and boats, and include Nicaragua in its radar network," the expert said.

Panama

Polls Show People Prefer Singer Blades, Papa Egoro Party

PA0305220793 Panama City LA PRENSA in Spanish 30 Apr 93 p 2a

[Report by Hermes Sucre Serrano]

[Text] A poll, in which 44.3 percent did not answer, disclosed that if presidential elections were held today, 30 April, Panamanian singer Ruben Blades would come out as the favorite with 15.6 percent.

Dichter and Neira conducted this poll, interviewing 1,201 Panamanians in various parts of the country.

The question was: If elections for president were held today, for whom would you vote? Some 44.3 percent refused to answer, 15.6 percent voted for Ruben Blades of the Papa Egoro Party, 8.2 percent chose Guillermo Ford of Molirena [Nationalist Liberal Republican Movement], 6.6 percent did not vote for any of the candidates, 4.0 percent for Mireya de Gruber of the Arnulfist Party, 3.6 percent for Ernesto Perez Balladares of the PRD [Democratic Revolutionary Party], 3.4 percent for Ricardo Arias of the PDC [Christian Democratic Party], 2.6 percent for Panama City Mayoress Omaira Correa, 1.9 percent for Carlos Arellano of the PDC, and 1.1 percent for Fernando Manfredo.

The results presented by Dichter and Neira are based on responses made during individual interviews with 1,201 Panamanians from various places around the Republic. The interviewees were males and females, 18 years of age and above, of various educational levels.

A large number of Panama City residents (20 percent) favored Ruben Blades. Of the people in the interior, 36.9 percent did not respond, 8.8 percent favored no one candidate, only 7.8 percent favored Ford, and 5.7 percent favored Correa. The other candidates registered very low percentages.

Regarding another poll based on the question: Which political party do you like best, there was a high percentage (32.4 percent) that did not answer the question. Nearly 15.8 percent said none of them.

The Papa Egoro Party, with only 10.3 percent, was the favorite. It was followed by Molirena with 10.2 percent, the Arnulfist Party with 9 percent, the PRD with 8.4 percent, the PDC with 7.9 percent, the Liberal Party with 2.4 percent, the Civic Renewal Party with 1.1 percent, and, the Solidarity (a party that is being formed) with 1 percent.

Just as in the first poll, the largest number of people answering questions were those from the capital. Silence prevailed among the people in the interior when asked about a candidate or party of their preference.

Both women and men at various educational levels favored Blades and the Papa Egoro Party.

Poll Shows People Want U.S. Bases To Remain

PA2904155093 Panama City LA PRENSA in Spanish 28 Apr 93 p 2A

[Report by Hermes Sucre Serrano]

[Text] A significant amount (71.6 percent) of the population considers it healthy for the country that the U.S. bases remain after 2000, it was revealed by the results of a poll conducted by the firm Dichter and Neira. The poll was conducted with 1,201 persons over 18 years of age in different parts of the country.

The poll indicates 30.7 percent of the people consider it favorable for the bases to remain and 40.9 percent said it is certainly good that they remain. Only 18.5 percent stated their disagreement and 9.6 percent did not answer.

The poll reveals an affirmative answer was predominant among all the people polled, both in the capital and the countryside. A large number of men and women accepted the military bases' permanence.

The Dichter and Neira poll is based on 1,201 personal interviews with Panamanians who live in the Republic and are over 18 years of age.

Following is the distribution samples per city: Panama City, 385; Colon, 118; David, 179; Las Tablas, 40; Chitre, 37; Santiago, 108; Penonome, 80; La Chorrera, 75; and San Miguelito, 179. The equality of samples was guaranteed by using the statistics technique of selecting samples at random in different strata.

The samples were stratified by sex, age, education level, and labor status. All the figures given have a 3 percent margin of error.

The distribution of the samples by education was carried out as follows: Elementary school or less, 129; high school, 240; college, 476; university, 238; and bachelor's degree or more, 119.

As to labor status, 826 are employed and 375 are unemployed. The poll included 602 men and 599 women.

The poll included six topics: Government, public figures' role, economic situation, political issues, political deterioration, and elections.

Poll Reveals Rejection of Possible Amnesty

PA2904173793 Panama City LA PRENSA in Spanish 28 Apr 93 p 1a

[Report by Jose Quintero De Leon]

[Text] A recent public opinion poll conducted in major cities throughout the country revealed that the majority of Panamanians consulted (62.8 percent) do not favor granting amnesty to former accomplices of the previous regime.

The public opinion poll conducted by the Dichter and Neira Consulting Firm uncovered that only 23.8 percent of the population polled accepted the premise that the amnesty would be positive for the country as "accurate" and "completely accurate."

The highest acceptance levels were recorded in the capital city (26.5 percent in the city and 22.6 percent in the rest of the country) and among men (25.4 of men and 22.2 percent of women). Meanwhile, acceptance levels between those with a higher education and those with less education were more or less uniform (24 percent and 23.3 percent, respectively).

Results on the levels of rejection of the amnesty were more or less similar in the capital city and the interior of the country. The poll revealed that those who most favor the approval of an amnesty bill are located in the capital city (26.5 percent), whereas 22.6 percent of those polled in the interior of the country favored an amnesty bill.

It was discovered that there is a similarity between men and women regarding rejection of the amnesty, as 63.5 of men and 62.1 of women expressed their disapproval. Of the men interviewed, 25.4 percent expressed their approval of a possible amnesty. Only 22.2 percent of the women polled expressed support of an amnesty bill.

The poll also showed that there is a significant 13.1 percent sample who expressed their uncertainty regarding the virtue of an amnesty.

Correction to Government Minister on 1994 Elections Strategy

PA2904202193

The following correction pertains to the item headlined "Government Minister on 1994 Elections Strategy" published in the 29 April Latin American DAILY REPORT, page 23:

Column two, paragraph one, sentence two, make read: ....the Arnulfist Party [PA] expects to head the coalition's presidential ticket, it has plans....(rewording for clarity)

Argentina

Menem Addresses Joint Session of Congress 1 May

PY0305155393 Buenos Aires Argentina Televisora Color Network in Spanish 1354 GMT 1 May 93

[President Carlos Menem's address to joint session of Congress to open the 110th period of ordinary session of Congress in Buenos Aires—live]

[Text] Honorable Assembly: I want my fifth message to this solemn legislative assembly, in my capacity as president of the nation, to be an appeal to all to work. I have not come here to utter over-optimistic rhetoric. I have come to propose a working agenda for the next two years of our government.

Today I intend to show the entire Argentine nation a promising future. I went to tell the Argentine people in what direction we are heading. I am perfectly aware that the citizenry wants to see its government at work. No progress means backwardness, to come to a standstill means giving up, to postpone means missing a historic opportunity. We need to grow, we need to invest, we need to save, we need to improve the quality of our public and social services, we need to modernize our regional economies, we need to bring honesty into our political life. I want to be very precise and concrete. I have come to outline the most important points of the 1993-1995 development program which we are launching today as a commitment free of sectarian interests and useless ideologies. It is a package of key objectives for our integral growth. We are submitting this program for the consideration of all people and legislators convinced that only through debate, polemics, and even through criticisms, will we be able to improve and enrich it.

Honorable Congressmen: Our government cannot resign itself to be the mere guarantor of economic stability which, in order to be sound and durable, must continue to become consolidated with the growth of all factors of our production. Our objective is to reach 1995 with a Gross Domestic Product [GDP] 43 percent higher than that registered in 1989. We hope to start 1995 with an annual inflation rate not higher than 4 percent. We hope the unemployment level will be less than 6 percent of the economically active population. These goals are not a mere dream, they are feasible if we take into account what we have managed to overcome during the almost 4 years of government. We have made great progress because the GDP dropped by almost 10 percent between 1980 and 1998, because the inflation rate surpassed 5,000 percent per year in 1989, and because during the past 3 years we have already brought 673,000 workers into the job market.

As for this development program, which will be updated every year, we will set our priorities and the strategic paths to be taken. We do not want a savage capitalism, but rather a social and human capitalism. We do not want bureaucratic tendencies, but rather a state that plans and guides; we want a transparent and efficient market.

The development program is contained in a package of politics we are going to strongly promote and which I will now outline. Later this program will be explained in detail by each member of the cabinet. Opportunely we will also give the legislators and media further details of these measures.

The time has come to consolidate a new concept of the state. For this purpose we will reconstruct the national statistics system to have more and better economic and social information. We will implement the budget very strictly, program by program, to more effectively control government expenditures and make them work in a more efficient manner. We are submitting to the honorable Congress a draft bill on the professionalization of public service so that the most capable and competent individuals, rather than those favored or through friendship ties, may be selected for these posts through strict contest and selection mechanisms. We also promise to make operational, in the next few months, all government agencies charged with regulating the privatized public services. We will thus be able to better defend the sovereignty of consumers and the rights of users. The post-privatization state must be a more professional, modern, agile state that will be more efficient in the role of controlling. Building this state will be one of our main goals.

Honorable Congressmen: There cannot be any growth without a tax policy that punishes tax evasion and promotes production. We have eliminated more than 20 taxes that distorted economic activities. I now wish to announce the elimination of taxes on earning assets as follows: As of today we will suspend advanced payments of capital gains tax by the agricultural sector and other sectors with a large turnover of money and are that are affected by the significant drop in international prices. This will be enforced for other sectors as of 1 January 1994. This tax will be definitely eliminated as soon as this Congress approves it and will only be applicable in those provinces that have signed the fiscal agreement with the Federal Government related to the highest taxable value for rural real estate and road tax. The revenue law will be modified to avoid the cascade effect that harms the light shipbuilding, cosmetics, beverages, and luxury goods industry.

I wish to announce that payment of taxes for farmers will be simplified. The producer will be able to pay his taxes by submitting a single tax return per year to the revenue office. The same goes for the monthly advanced payments of capital gains. We will continue relentlessly to fight tax evasion. By late 1993 some 600,000 IVA [Value Added Tax, VAT] sources will be monitored on a timely bases. By 1994 a similarly strict control will be exercised on 2 million payers of personal income tax and of private contributions to the social security system.

Honorable Congressmen: There can be no growth without investments. The development program we are launching today will allow us to allocate 30 billion australs during the 1993-95 for public goods and services. This is a very large amount of money that cannot be squandered. It must be used with consideration to its social profitability and for this we are submitting to Congress a draft bill creating the National System for Public Investments [Sistema Nacional de Inversion Publica]. Priority treatment will be granted to the social sectors, the economy's competitivity, basic education, health, justice, safety, water, environment, regional infrastructure, and to the reform of provincial and municipal states.

Honorable Congressmen: There can be no growth without stimulating exports and the best way to do that is by facilitating the incorporation of modern tech nology. This is why I am announcing and implementing the liberation of capital goods, the elimination of the statistical tax and tariffs on all imports of capital goods produced and not produced in the country. This measure also applies to machinery and equipment, including trucks within the context of the current automotive regulation.

We are also compensating our national industry that produces goods and services. We are granting a 15 percent tax refund on all purchases of capital goods of national production. This return will only apply to goods produced in the provinces that eliminated revenue and gross income taxes on these operations.

I have also given instructions for the immediate implementation of a social plan for the agricultural sector to palliate emergency situations and to facilitate the productive reconversion of our regional economies.

1993-1995 must and will be the time for regional economies. This will be the time for all sectors that support a real Argentina, a federal Argentina. I have given precise instructions to have the goals of our growth program specified in accordance of each regional and provincial reality. There cannot be growth either without access to foreign markets. The Foreign and Economy Ministries will sponsor the creation of an export foundation that will become an important instrument for the promotion of Argentine agricultural exports. Another foundation will be created to promote national and foreign investments.

I would also like to call for a quick debate on the patents bill which is an important requirement to facilitate risk investments in Argentina. This issue is very important not only to the economic policy but also to foreign policy.

Congressmen, also there cannot be growth without economic democracy. Therefore, I am announcing and implementing for the small- and medium-size companies the following policy: the Bank of the Argentine Nation will immediately reduce interest rates from 17 to 16 percent a year for credits in dollars, and from 1.8 to 1.6 monthly for credits in australs. It will also increase the number of loans for the private sector. It will grant 4.5 billion australs in 1993, 5.4 billion australs in 1994, and 6.2 billion australs in 1995. There will also be a new financing system at similar rates to those on international markets. This will be extended to working capital, to emergency situations created by weather conditions, and to the regional economies through special programs for Patagonia, small- and medium-size fishing and mining companies, areas that are circumstantially depressed in the interior of the country, financing of exports of capital goods, and zones declared in emergency or in disaster. There will also be a special 7-year credits for small- and medium-size companies for investment and productive reconversion.

This plan will be supported by a substantial effort to change and speed up the paperwork of all producers by eliminating bureaucratic obstacles and inadmissible delays. We will strengthen our effort in productive innovations. As of 1994 we will appropriate $100 million, with BID [Inter-American development Bank] financing, to grant special credits to business projects that incorporate new technology, strengthening the INTA [National Institute of Agricultural-Livestock Technology] and the INTI [National Institute of Industrial Technology], and supporting the Science and Technology Secretariat of the Conicet [National Council for Scientific and Technological Research] especially in areas related to its programs to support production. The BID loan can be renewed after it has been completely paid off.

Legislators, today when we celebrate labor day, the day of all workers, I reaffirm that the struggle against unemployment is our main battle.

For this very reason we soon send to the honorable Congress a draft bill to modernize labor relations. We want to cut expenditures, increase job openings, and enhance our economy's competitiveness. We want a considerable change in our labor relations that will help us accompany the Argentine takeoff with growth and social justice. Concerning labor accidents, the executive branch will send Congress a draft bill that contemplates prevention of labor risks and a more adequate distribution of the responsibility for damages.

By no means will we abandon any necessary ways to facilitate the creation of job opportunities. We want to establish a reduction in employers' contributions on the payroll as an essential instrument to promote employment and reduce production costs.

We will do so within the framework of fiscal contracts to be signed with each province. Using national and international resources totaling 350 million australs, some 200,000 low-income people will be trained. They will be granted apprenticeships in highly productive companies.

We need to recover profitable companies and those near bankruptcy, and to expedite legal transactions for the recovery of bankrupt companies. We will propose within

the next few days the reform of the bankruptcy law and propose a new rule for business reorganization. It is a matter of making all reasonable efforts to prevent the loss of capital and of job opportunities.

Honorable Congressmen: Concerning education, I want to especially congratulate this Congress for the approval of the historic federal law on education that includes essential principles on the role of the state and of the family, gratuities, social assistance, and private initiative.

We have decentralized the education system. We have brought its management and implementation under the jurisdiction of the federal government. We must now conduct a real educational revolution. The main challenge is to seriously fulfill a set of great objectives and to increase to 10 years the general, basic, and compulsory education; to promote and evaluate the quality of education; to coordinate knowledge with industry; to double the education budget between now and the next five-year period; and to strengthen the university level to which we earmarked in 1993 the highest budget over the past 14 years. To make the education policy successful, it must be a state policy not just a government policy.

For this reason, on this 1 May, I want to call for a great national education consensus toward the year 2000. The objective is to achieve a high-quality 10-year basic education program for all Argentines. We will promote the participation of all sectors of the community: political parties, business organizations, unions, religious communities, and public and private actors of the education process. The objective of this is to establish the stages, goals, and objectives of the Argentine education during the next decade.

Distinguished Congressmen: 1993 has an essential priority for this president: Retirees; to pay the social debt to our retired men and women. To fulfill this I want to announce today the steps we are going to take:

First, we will sell through public bids the shares of the Government Oil Deposits [YPF] which will be earmarked to pay our debts contracted with our retired people.

Some 2 million pensioners will receive cash payments on account of what is owed them, up to 1,560 australs each, as of August. Each pensioner has the right to receive this amount in cash. Having fulfilled this requirement, the government will begin repurchasing—at face value—the social security bonds that pensioners, who are older than 85, have in their names. The remaining resources obtained by the YPF privatization will be used to repurchase social security bonds in the hands of pensioners, but gradually, establishing maximum ceilings in order to benefit all pensioners equally. This means that age and pension amounts will be taken into consideration. In sum, we will pay first and give larger amounts to the oldest pensioners and those who today receive smaller pensions.

I also want to reiterate that 30 percent of privatization proceeds have, and will continue to be, used to pay pensions. Those resources, which so far total 1,070 million australs, have made possible the capitalization of the system. Thanks to reserves, pension funds can pay pensions on time, without delay, and without the devaluations that affected pensions on the first of each month in the past. Some 30 percent of the proceeds from future privatizations will be invested in the social security system in order to repurchase all bonds in the hands of pensioners.

We will consolidate our participation in the Pami [Comprehensive Medical Assistance Plan]. We have already deposited substantial amounts to cover medicine costs. Pami's poorest members, and all those living in Southern Patagonia, today receive free medicines. All Pami members have 80 to 100 percent coverage on more than 500 products and 30 to 50 percent coverage on all other medicines. We will continue to improve these conditions.

Pensioners—both men and women—did not have dental care coverage. As of 15 May, 1.5 million pensioners will be covered for this service. In another 60 days, the program will cover all pensioners in the country.

Congressmen, we are carrying out other social programs that are quite different from those implemented in the past. We report on developments every quarter. This is the clearest possible way to work because it allows the community to establish controls. We will fight poverty in all fronts. Our authentic social policies have overcome the obscene practice of donations, patronage, or charity. The Health and Social Action Ministry is preparing far-reaching programs in nutrition, aid to productive micro-businesses in regional development centers, mother and child care, massive vaccination campaigns, community emergencies, and quality control of food, medicine, and medical technology.

I would like to especially note one item in our social food basket that is linked to health care rights: We want to improve the access, quality, and efficiency of medical care. During 1993, we will consolidate the transformation of this service. We have established the right of the workers to freely elect the social benefit fund of their choice within those included in the national health system. We have deregulated medical care assistance, granting freedom to social benefit funds to contract the service of professionals without having to accept guidelines on the prices imposed by professional councils or business associations.

We have studied the transformation of public hospitals and medical care standards, guaranteeing their financing through workers' compulsory membership to social funds. The proposal for self-financed public hospital seeks to substantially improve technical-administrative management and improve the economic standing of hospitals.

Let me be absolutely clear: We are not giving up, nor will we give up, any one of these structural transformations. We will not yield to pressure from any sector aimed at stepping backwards in this basic advancement achieved by our health system.

Honorable Congressmen: The economic reform requires an essential political reform, a reform that will increase our democracy's productivity, that will clarify the relationship between power and money, that will remove blanket tickets, and that will open up and modernize the parties.

We are headed for a structural transformation of the political rules of the game in Argentina.

A package of bills, which I consider substantial, will be received by Congress within the next few days.

I am taking the liberty to ask you, Messrs. legislators, to quickly and responsibly discuss these bills because they involve measures of an extraordinary importance for the entire democratic system and because, through this upcoming congressional discussion, the political leadership will have a huge opportunity to establish a more rational, more participative, and, in a nutshell, a more democratic institutional model.

We are sponsoring a bill on the financing of political parties, a bill that will whitewash entrepreneurial contributions, that will provide tax incentives, that will allow the publication of party accounts, and that will promote strict social and institutional control of party finances.

We are sponsoring an electoral reform that will include a system of disqualifications, preferences, and replacements as a way to define votes and promote excellence at the time of election.

We are sponsoring the modernization of political parties through simultaneous open and nationwide primaries system to allow the participation of independent voters in the nomination of candidates.

We are sponsoring a thorough institutional reform in the federal capital through the direct election of the metropolitan mayor, the municipal decentralization of districts, the election of representatives by district, the increased popular participation through plebiscites, referendums, submittal of bills, and the abolishment of electoral mandates.

In a nutshell, we want more honest politics. We want to move from a walled-in democracy to a more open and more participative democracy, one with more institutional growth.

Messrs. legislators, I do not want to finish my message without mentioning other substantial areas of the executive branch.

Concerning defense, we will engage in a military reorganization, with the criterion that it is not a question of spending more, but in a more rational way.

We will advance in the privatization of the military entrepreneurial sector, increasing our military participation in peacekeeping missions and those that restore the international legal order, under the authority of the United Nations.

Concerning foreign policy, today we are a totally trustworthy and predictable nation in the international community, a nation that is trustworthy again, that is actively involved in the main international scene, and that is regionally becoming integrated within a framework of prestige and acknowledgment.

Each one of these steps represents pillars upon which we must develop a sovereign, intelligent, and effective strategy in our South Atlantic.

The Argentine claim over the Malvinas, South Georgia, and South Sandwich Islands are, and will always be, firmly anchored in the resolutions of the UN General Assembly.

My government is engaged in relentless negotiations with the United Kingdom on this issue, seeking to reaffirm its rights. New elements such as our fishing potential and the possible existence of oil near the Malvinas Islands have prompted us to seek rapprochement with the islanders and have given us a new presence in the environment in which they live. Without recognizing they right for veto, we are trying to understand their life style and their vision of the world in order to facilitate an understanding to benefit everyone.

The umbrella agreed with the United Kingdom protects our sovereignty from the undesirable effects that may result from the intensification of this policy which also seeks physical and human communications among all the inhabitants of the South Atlantic.

I would like to reiterate: The recovery of the Malvinas, South Georgia, and South Sandwich Islands are a strategic policy of our foreign policy. [applause] Within the law, we shall never renounce our efforts to recover them.

Regarding judicial matters, we have seen the definitive incorporation of the oral system in penal procedures. This is how we answered a claim of society which has seen this desire frustrated for more than half a century. The installation of the oral system provides transparency and credibility in criminal proceedings. It responds to the principle of immediate, quick, and low cost proceedings. The reform proceedings need other laws to contribute toward the continuous overall reform of Argentine justice.

I would like to call this honorable Congress to quickly debate a group of legal instruments that are very important for our judicial reform. They include: the creation of a small-claims courts, the infringement code, the arbitration procedure, a draft law by the Attorney General's Office—which is understood as an organization that compiles the administration of justice—a reform of the civil and commercial codes, a call for bids, soon as

possible, for the construction of the judicial city of 300,000 square meters which will then be rented or leased by the state, a request to the IDB for a loan of $150 million to strengthen the judicial system, and a bill to reform the civil and commercial procedures that also establishes the imminent oral system.

I would like to make this a very special paragraph by calling once again for the prompt derogation of the crime of contempt of court in accordance with the bill submitted by the executive branch. We believe that this decision is necessary to further strengthen the undeniable environment of freedom of press that my government seeks to safeguard.

Honorable Congressmen: I would like to conclude by appealing to the responsibility of all sectors of Argentine leadership. The upcoming elections to renew Congress should be a test of our democratic civilization, and our ability to debate ideas, projects, models and choices. I would like to thank once again the heroic Argentine people for their strength and understanding in making sacrifices that will never be thrown overboard. I would like to thank the congressmen for their debate and work in studying the laws that give juridical certainty and security to the impressive transformations taking place in Argentina.

I sincerely beg your pardon for my errors. I also subdue my passions before the opposition, calling for a sincere debate, without causing offense, seeking the sovereign determination of the people. [applause]

I reiterate my desire for the consolidation of a government of national unity with no party labels or exclusions. I ask for humbleness in our criticism and praise. Today we have a different Argentina. An Argentina where there is freedom and no fears; an Argentina with stability and no anxiety; an Argentina with hope in the future and without the useless rancors of the past. We still have dreams to build. History has not closed its doors. History is just beginning. Today, as always, I want to call all Argentines to participate in this new construction. We have new growth objectives. Let us get to work. For God's sake, let us get to work. The much talked-about Argentine miracle here and abroad has just three secrets: work, work, and more work. [applause]

Asking for God's blessing for you, your families, and for all the Argentine people, I hereby declare the opening of the 111th regular session of the honorable Congress of the Nation. Thank you very much. [applause]

Foreign Ministry Submits Report to Congress

PY0405031393 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1749 GMT 3 May 93

[Text] Buenos Aires, 1 May (NA)—A report submitted to Congress today by the Foreign Ministry states that the recovery of the Malvinas, South Georgia, and South Sandwich Islands is a "strategic priority" for Argentina's foreign policy. This claim, the report goes on, is "firmly riding at anchor" in UN General Assembly resolutions.

To that effect, the third, fourth, and fifth meetings of the Argentine-British Commission for Fishing in the South Atlantic were held in 1992 pursuant to the Joint Declaration on the Conservation of Fishing Resources, signed on 28 November 1990.

During these meetings, experts from both countries went over the activities undertaken by fishing fleets and the conservation of fish species in the South Atlantic to "improve and harmonize the exchange and sharing of data."

The report states that the fifth meeting, held in Buenos Aires on 10 to 11 December 1992, was the most productive of the three, as it resulted in the signing of a fishing agreement whereby fishing licenses will be granted by government charter. This agreement has strengthened the Argentine presence in the South Atlantic.

Another positive result of this meeting was the establishment of a scientific committee that will give special attention to the study of the species Illex argentinus and will make recommendations to the Commission for implementing measures geared to the conservation of such species and other aspects related to deep sea fishing.

With regard to the 1993 fishing season, both countries' delegations decided to start consultations on an ad hoc basis to ensure the preservation of the species Illex argentinus. To this effect, the Argentine delegation told the British one that Argentina would grant a maximum of 45 fishing licenses.

On 18 September 1992, the Argentine Government issued a communique rejecting UK's unilateral decision to invite firms to tender for oil prospecting in areas within the Malvinas Islands continental shelf.

Argentina thus insisted on reaffirming its sovereign rights to the Malvinas, South Georgia, and South Sandwich Islands, and their territorial waters, which are an integral part of the national territory.

When addressing the 47th UN General Assembly on 21 September 1992, Foreign Minister Guido Di Tella "forcefully" rejected "UK's unilateral decision" and labeled it as "an imprudent step that hampers concrete possibilities for cooperation in the South Atlantic and undermines friendly relations between both governments."

Concerning peacekeeping operations in several regions of the world, Argentina stepped up its participation by sending six observers as part of the UN Truce Supervision Organization (ONUVIT) in Palestine in an effort to try to find a solution to a conflict that has been going on for decades.

A contingent of 27 Argentines took part in the UN Angola Verification Mission until it was decided to reduce the number to only three observers following UN instructions.

There are seven Argentines in the UN Iraq-Kuwait Observation Mission. An engineering unit comprising 50 members and road-building equipment will join the UN mission this year.

Greater Argentine presence in the UN Protection Force (UNPROFOR) is evinced by the participation of 832 men, four military observers, and 30 civilian policemen in the force, who are replaced every six months.

Argentina established strict control mechanisms for the export of some nuclear or missile material, equipment, technology, technical assistance, and services, as well as chemical substances that might be used to assemble and deploy missiles and nuclear, chemical or bacteriological weapons.

On 11 December 1992, Argentina was admitted by unanimous vote to the Missile Technology Control Regime (MTCR), a group that includes members of 23 industrial nations.

Cavallo: Government Would Create 1 Million Jobs by End of Menem's Term

PY0405024293 Buenos Aires BUENOS AIRES HERALD in English 3 May 93 pp 1, 7

[Text] (DYN-NA)—Economy Minister Domingo Cavallo yesterday announced the government's three-year economic plan and said that the Justicialist administration would create one million new jobs by the time President Carlos Menem is scheduled to leave office in 1995.

During an hour-and-40-minute conference Cavallo denied press reports after Menem's Labour Day speech that the legal working day would be extended to 10 hours. Cavallo, who had to spend a major part of the conference explaining the labour reform outlined by Menem in his May Day speech before Congress, said that working hours would not be extended and that the annual average number of hours worked would actually go down. The minister said that according to the government's labour reform overtime would be paid after the 10th hour of work but this did not mean an extension of the workday.

The minister, who was accompanied by most of his Cabinet at the press conference, said that the government had created 600,000 jobs since 1989 and that one million people will find work in the next three years. Cavallo, who predicted an increase in the collection of pension funds, stated that this gain would only mean a one percent decrease in the unemployment rate but that the fact was of social significance.

Commenting on the labour reform law Cavallo said that the employer and employee will be able to reach an accord on which time of the year it was convenient to work more or fewer hours. He added that all workers will receive 22 days of holiday but that those who had previously earned the right to more time off would not suffer a cutback in vacation days. He added that labour flexibility would cancel all special statutes except in the farming and domestic sectors and would include the possibility of hiring workers without the provision of severance pay. Severance pay at companies which conduct massive layoffs due to economic problems would be cut by 50 percent.

Cavallo centered the economic plan around stable prices, the continuity of the exchange rate, and an increase in tax collection as well as a reduction in industrial taxes, internal savings, and an increase in credit levels.

Cavallo, who described the Menem administration's plan as "true Justicialism" stated that the government would not grant subsidies to companies because the "only ones who deserve subsidies are the poor."

The minister predicted that by the end of Menem's government the country will have experienced a 43 percent hike in economic activity compared to 1989.

He said that industrial activity would go up by 18 percent and that inflation would grow at an annual rate of two percent to three percent.

"We place no importance on the commercial deficit. We think that in 1993 it will be similar to 1995," said the minister. Cavallo, who stated that wage purchasing power had gone up since 1989, said that the government's plan was not intended to win elections and invited the opposition to offer an alternative to the proposal.

The minister said that the Central Bank would offer a total of 4.5 billion dollars worth of credits in 1993, 5.4 billion dollars in 1994 and 6.2 billion dollars in 1995. He said that an extra 10 million dollars would be used for credits to promote sheep farming in the Patagonia region, 20 million dollars for small and medium-size mining firms and a further 10 million dollars would go to the fishing industry.

Cavallo said that only 700,000 of the country's two-million self-employed workers paid taxes, while 100 percent of the so-called luxury tax would be destined to the pension fund system.

The minister told reporters that only 35,000 people out of the two million who have assets worth more than 100,000 dollars actually pay the luxury tax.

State-Owned Waterworks Company Handed Over to Private Hands

PY2904231793 Buenos Aires BUENOS AIRES HERALD in English 29 Apr 93 p 3

[Text] (NA)—The state-owned waterworks Obras Sanitarias de la Nacion (OSN) was officially handed over

yesterday to its new operators, Aguas Argentinas, who will begin to manage the company as of this Saturday [1 May].

Economy Minister Domingo Cavallo, who presided over the transfer ceremony, confirmed that as of the May-June billing period OSN customers would see a 26.9 percent reduction in water rates.

During his speech Cavallo called the transfer of OSN to private hands "an important step" in state reorganization and highlighted the "total transparency" of the sale. He said that within two years, big consumers will have water metres allowing "the service to be offered at a fairer price."

Present at the ceremony were Public Works Secretary Wylian Otrera, OSN Trustee Eduardo Cevallo and the president of Aguas Argentinas Carlos Tramutola. French Ambassador to Argentina Piere Guidoni also attended the ceremony. The principal operator and main shareholder of the operating consortium is Lyonnaise Des Eaux-Dumez, a French company that keeps 30 million people supplied with water around the world.

After the contract has been signed, Cavallo said that the privatization of OSN means a "progressive improvement in the quality of the water and the treatment of sewage" for the 10 million inhabitants of the Federal Capital and Greater Buenos Aires.

The minister highlighted the fact that only some 65 percent of the inhabitants in these areas have running water and less than half have a sewer system.

"Within 10 years," Cavallo said, "Aguas Argentinas must supply 90 percent of this population with potable water and 75 percent with sewers." He also pointed out that according to the privatization contract, the operator must invest four billion dollars over the 30-year life of the concession. Some 1.8 billion must be invested within the next decade.

Navy Intercepts Fishing Ship Flying Spanish Flag

PY0305213793 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1940 GMT 30 Apr 93

[Text] Buenos Aires, 30 Apr (NA)—The Navy today caught a fishing ship flying the Spanish flag operating in Argentina's exclusive economic zone, off San Jorge Gulf on the Atlantic coast.

It has been officially reported that the incident occurred when the missile-carrying corvette ARA [Argentine Navy Ship] Parker patrolling the Argentine seas discovered the Patricia Nores trawler casting its nets off the coast of San Cruz Province.

In light of an alleged violation of the fishing law, the Parker intercepted the trawler and sent a military delegation aboard to investigate.

A Navy press communique stated that fish found in the hold, as well as other data, revealed that the ship had violated the law.

The Parker then escorted the Patricia Nores to Port Deseado, where the appropriate pre-trial inquest will be held.

Brazil

President Franco Cancels Uberaba Visit Due to 'Severe' Influenza

PY0305124993 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 3 May 93

[Text] President of the Republic Itamar Franco has canceled his scheduled visit to Uberaba. Early this morning, Presidential Press Secretary Francisco Baker reported that the president has a severe case of influenza.

It was confirmed that Agriculture Minister Lazaro Barbosa will go instead.

Franco Sanctions 1993 Budget Without Cuts

PY0305210193 Rio de Janeiro O GLOBO in Portuguese 30 Apr 93 p 23

[Text] Brasilia—President Itamar Franco on 29 April promulgated the overall federal budget for 1993, and vetoed only one article: Article No. 8, which permits the funding of expenditures determined by Congress with resources earmarked by the government to pay the public debt. The budget does not provide for any cuts, just as Economy Minister Yeda Crusius had set forth in the document she gave to Franco on 29 April.

Technically the budget also does not list expenditures in priority order, but its implementation will be purely political because the Executive Branch will send to Congress a draft bill rechanneling funds earmarked for projects of interest to congressmen to the government's priority areas. In practice this means that the Executive Branch will propose a new budget which will outline expenditures in priority areas.

According to Deputy Roberto Freire (PPS/PE) [People's Socialist Party/Pernambuco State], government leader in the Chamber of Deputies, the Executive Branch is betting on congressional approval of Franco's plan. Thus, the approval of the budget will actually be redundant, because in view of the scarcity of resources and the expected $16.5 billion deficit, the federal government will only be able to spend in priority areas.

"Whatever fits in with the government's priorities could be executed using funds earmarked for old-standing Executive Branch priorities or resources allocated through congressional amendments. Of course there is going to be an agreement," Freire said.

Resende Perceives 'Cold Reaction' From IMF on Submitted Goals

PY0305214893 Sao Paulo FOLHA DE SAO PAULO in Portuguese 29 Apr 93 Section 1 p 6

[From the Brasilia Bureau]

[Text] After his arrival in Washington on 27 April, Finance Minister Eliseu Resende perceived a cold reaction from the IMF technical team regarding the goals submitted by Brazil. On 28 April, Resende's team submitted an even more pessimistic evaluation. The IMF is frightened about the size of the cuts, and it believes that it will be difficult for Itamar Franco's government to implement it.

On the night of 27 April Resende telephoned interim Finance Minister Wando Borges to tell him that the IMF's technical team had "reacted coldly" to his, Resende's, plan.

The IMF technicians were surprised with the size of the cut in public spending during 1993 with the objective of bringing the operational deficit down to zero. The government has proposed spending cuts amounting to more than $13 billion (490 trillion cruzeiros) in the 1993 budget, but it gives no details as to which sectors will suffer cuts.

The IMF is acting cautiously regarding the income and spending figures of the central government, state companies, states, and municipalities. Up to the present time, Brazil has not fully complied with any of the agreements. Because of this reaction, Resende does not know whether the Brazilian Government will ask for a waiver for the goals that were set for 1992, or whether it will negotiate a new agreement.

Resende is promising to clear up an operational deficit that amounted to 2.45 percent of the GDP in 1992 and reduce it to a zero deficit in 1993. He plans to do so with cuts in budgeted spending, state spending, and by curbing the limit of the debts of the states and municipalities. Taking into account the IMF's reaction, Resende is going to make the Central Bank and Finance Ministry technicians remain in the United States to try and convince the IMF of the plan's value.

Study Claims Central Bank's Monetary Policy 'Mistaken'

PY0405033593 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 3 May 93 Economic Section p 1

[Article by Ribamar Oliveira]

[Text] Brasilia—The reason for all the crisis involving the Central Bank [BC] is a study submitted to President Itamar Franco 10 days ago by economist Carlos Brandao. With the authority of a former BC president, Brandao states—in the 21-page document with two annexes to which O ESTADO DE SAO PAULO had access—that the implementation of the monetary policy is mistaken, and confirms the existence of a "harmful and unproductive financial carousel." It adds that President Franco is correct when he attacks the Central Bank's "black box" and that the interest rate policy conducted by the bank burdens "unnecessarily the National Treasury." Brandao presents suggestions to correct the errors, and among them, the extinction of the TRD [Daily Reference Interest] already announced by the government, which shows the president's support for the study.

Other proposals of the study are as follows:

- Brandao suggests that the BC should control the interest rates of the economy through the rediscount fee (daily loans by the BC to private and state banks) as it happens in all First World economies. For this it proposes the cancellation of Bank Resolution 1,786, which punishes financial institutions that resort more than once to the rediscount.

- It suggests that the amount of money collected compulsorily by the BC on cash deposits be reduced progressively from the current 50 percent to no more than 20 percent.

- It also proposes the extinction of the Reference Interest Rate (TR), of the TRD, of the Ufir [Reference Fiscal Unit], and their substitution by the IGPM [Average General Price Index].

Brandao's study has hit the government like a bomb and placed the BC board of directors on the line of fire from Planalto Palace. Now the president wants Paulo Cesar Ximenes to implement what is written in that document or to convince him that the analysis is mistaken. At the auction held last Tuesday, when 240 billion very short-term titles were sold, Ximenes and Monetary Policy Director Francisco Amadeus gave indications to the president that they have not assimilated anything of what is written in Carlos Brandao's study. This is the true reason for the president's irritation with the BC's board, a minister revealed yesterday.

The study, to which very few ministers had access, begins by making an analysis of the current program to fight inflation and states that the public deficit, covered with the emission of inflationary money as the greatest cause of inflation, stopped existing as of March 1990. It adds that the monetary policy has been the toughest in the country's history, that today there is exchange reality, that the country reached an agreement with the Paris Club and is about to negotiate a definite agreement with foreign creditor banks, that salaries have not contributed to increase demand, that the agricultural harvests have guaranteed the internal supply, that the privatization program has again been implemented, and that there are no additional pressures on prices provoked by the increase in production costs.

Summarizing, Brandao's study says that the economic program fights the main causes of inflation. It adds: "The error lies in the implementation." According to Brandao, the central mistake is in the BC.

He says that in the last three years, the monetary policy "has sought exclusively to stupidly eliminate economic liquidity" without contributing to controlling inflation.

In his opinion, the BC performance has distorted the three classical instruments of monetary policy: The compulsory tax on the demand deposit, the rediscount fee, and the open market operations. He points out that the compulsory, that now totals 50 percent of the demand deposits, makes normal financing of the productive activities impossible. He adds that in the First World, the central banks establish the interest rates through the rediscount policy. According to him, whoever resorts to rediscount in Brazil is punished. He says that the BC began to establish the interest rates in accordance with the daily operations for the purchase and sale of the very short-term bonds.

He asserts that the BC "became a hostage" of the very short-term bonds market (something around $21 billion in papers) which it is forced to trade every week. It became a hostage because 10 percent of the bonds in circulation imply—if not traded—"in an immediate 50 percent expansion of the monetary base." Another reason is that the BC is forced to issue inflationary currency to succor the state banks that purchased the bonds and cannot resell them to the market.

There are three reasons for shortening the public debt term: 1. The checks issued by individuals or corporations are not accepted for purchasing the very short-term bonds placed in the market by the BC. 2. The negotiation of the bonds in circulation in the secondary market is conducted "exclusively and mistakenly" with bank reserves that make up the monetary base, thus making it impossible to control it. 3. The BC is wrong because it bases the interest rate policy on the daily purchase and sale of the bonds.

Regarding the interest rate, the study states that the operations interest rate are established, daily, in accordance with the BC estimated inflation rate for the following 30 days. This establishes an "official estimate" for the future behavior of prices that forces the market to act in accordance with this estimate. Brandao points out that, as the bonds have preestablished rates, "there is no way of improving the debt's profile" in view of the current level of inflation. If the interest rates drop as a result of a reduction in the inflation rate, the market will have an excessive profit at the National Treasury's expense. Therefore, "the BC's initiative in this regard is hindered."

To give an example of the current "financial carousel," the study states that the daily trade of these bonds in February reached an average $79.3 billion, while all the federal public debt bonds in circulation in the market totalled $21 billion.

Economic Advisers Said To Form 'Heterogeneous' Group

PY0305181093 Rio de Janeiro O GLOBO in Portuguese 30 Apr 93 p 18

[Text] The three most recently named advisers of President Itamar Franco form a heterogeneous group.

Economist Paulo Rabello de Castro—a candidate for the presidency of the Central Bank if Paulo Cesar Ximenes leaves that post—insists on talking about the government's social debt which he says amounts to $600 billion. He defends reducing interest rates through the autonomy of the Central Bank and ending the financing of the Treasury through the Central Bank. Rabello stated on 26 April, during a seminar in Brasilia, that a strong currency will cause inflation to fall and interest rates to probably drop.

Bank of Brazil [BB] President Alcir Calliari follows the ideas of Economist Dercio Munhoz and supports a drastic reduction of interest rates. Following his installation, Calliari stressed that a resumption of growth depends on cutting interest rates. He had a confrontation with the Central Bank when he announced that the BB would implement rates lower than those of the market.

In the middle of all this flack we have Carlos Brandao, Central Bank president during the [Joao] Figueredo government, who has always defended the independence of the Central Bank and the cutting of the hawsers that tie the Central Bank and the Treasury together. In this struggle, Brandao now has Rabello as an ally within the sphere of the International Academy of Law and Economy.

A bank vice president has said that "to bring these three men together is like making an avocado, papaya, and catchup [preceding word in English] cocktail. It can not work even though Rabello is a brilliant economist."

The trio have diverse origins: Calliari, a former official of the BB is now a pensioner. He caused the resignation of the then Finance Minister Gustavo Krause when he submitted to President Itamar Franco a study on the reduction of taxes, he wants the BB to open lines of credit for rural producers and small- and medium-sized enterprises. Brandao is more closely linked to the financial market: In 1969, while he was executive secretary of the Executive Commission for the Cocoa Production Plan (Ceplac) he was named for the Central Banks Public Debt Department, and during the 1970's he created the open market [two preceding words in English].

Rabello is the academic of the three. He is the author of four books and has a Phd in economics from the University of Chicago. He is one of the founding members of the Atlantic Institute, an organization that evaluates and presents solutions for the country's main problems. According to Rabello, who in 1991 prepared the so-called K Plan and was violently criticized by then President Fernando Collor, Brazil's salvation is based on four points: Confidence in the currency, tax reform,

harmonization of the accounts between the states and the Federal Government, and the reorganization of social funds such as the PIS-Pasep [Social Integration Program-Government Employees Welfare Fund], Social Security, the FGTS [Severance Pay Fund].

Missing Political Prisoners' Relatives To Receive Pensions

PY2804152393 Rio de Janeiro O GLOBO in Portuguese 27 Apr 93 p 5

[Text] Brasilia—The government yesterday decided to pay pensions to the relatives of missing political prisoners. During a meeting held at Planalto Palace, President Itamar Franco ordered Justice Minister Mauricio Correa to finish drafting the bill establishing the value of these pensions. Also attending this meeting were Navy Minister Ivan Serpa, Army Minister Zenildo Lucena, Aeronautics Minister Lelio Lobo, Military Household Chief Fernando Cardoso, and Joint Staff Chief Arnaldo Pereira Leite.

Justice Minister Mauricio Correa believes that about 144 families will benefit from this pension. The final draft of this bill will be entrusted to the legal advisers of the Justice and Military Ministries, who are to meet this week.

It was estabilshed at this meeting that the missing status will be certified by a judge, who will issue the pertinent certificate.

Once the bill is approved, the relatives of missing political prisoners must request this pension before a Justice Ministry committee that will be especially created to determine who is entitled to this benefit. According to Justice Minister Mauricio Correa, the payment of these pensions will be done with Treasury resources through the Social Welfare Ministry. He added that the relatives of missing political prisoners will also be entitled to social security benefits.

Correa denied that the government will indemnify the relatives of missing political prisoners, as was originally established in the first draft of the bill in question. According to Correa, the military will not be forced to divulge where the bodies of missing political prisoners are buried.

Correa said: "This draft bill has chosen a different option to that alternative, which would certainly have exacerbated the ill feelings."

Angra-1 Losses To 'Easily' Surpass $10 Million

PY0305135993 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 29 Apr 93 p 14

[Article by Tania Malheiros]

[Excerpt] Rio de Janeiro—The losses incurred by Angra-1, and the lack of production of energy will easily surpass $10 million (314.5 billion cruzeiros) if the nuclear energy plant—which was deactivated on 5 March—does not resume operations during June in accordance with the schedule outlined by the board of directors of Furnas Electric Power Plants, Inc., which owns the plant.

The state company deactivated Angra-1 because, since the end of 1992, increased levels of radiation in the (internal) primary circuit had been discovered. This was the reason why it was closed before the scheduled date. When connected to the energy network, the plant can generate 656 megawatts at 100 percent capacity. This is equivalent to 20 percent of the electricity consumed in Rio de Janeiro. Angra-1 generally operates at between 30 and 50 percent of its capacity. [passage omitted]

* Ximenes Terms Economic Growth 'Very Difficult'

93SM0214A Sao Paulo FOLHA DE SAO PAULO in Portuguese 28 Mar 93 p 1-8

[Interview with Paulo Cesar Ximenes, president of Central Bank, by Josias de Souza and Gilberto Dimenstein, in Brasilia on 26 March 1993: "Ximenes Links Drop in Inflation to Taxes"]

[Text] Brasilia—In his first exclusive interview as president of the Central Bank, economist Paulo Cesar Ximenes says that the country must prepare itself to live with high inflation at least until December—"if we are able to force inflation down, it will not be by any fantastic amount"—predicts that the economic doldrums will continue until the end of Itamar's administration—"it will be very difficult for us to achieve economic growth during that period"—and asserts that without thoroughgoing tax reform, Brazil will be lost—"without it, there is no solution."

Ximenes' conversation with FOLHA DE SAO PAULO's reporters last Friday morning was marked by frankness on his part. Ximenes says that the "impatience" noted in Itamar Franco, whose temperament has wiped out two ministers of finance and two Central Bank presidents in five months, reflects a feeling on the part of "society itself."

Even so, in a reflection of the thinking of the new economic team, Ximenes is recommending bitter medicine: "The prescription is patience, because we know that there are no short-term instruments for forcing inflation sharply down and restoring the conditions for economic growth," he says, thus reviving the "beans and rice" style adopted by former Minister Mailson da Nobrega, whose secretary general he was.

Ximenes feels that if the Itamar administration is able to win approval of the tax reform, thus sowing economic ground enabling its successor to harvest more civilized inflation levels, the current president "will go down in history." He says that tax reform should be the administration's main project. He feels that it will be possible to negotiate congressional approval of the reform by December. Not until then, he says, will inflation decline.

The alternative would be another economic shock, but Ximenes swears: "We are inoculated against that."

[FOLHA DE SAO PAULO] Why is the Brazilian economy not coming out of the hole?

[Ximenes] Brazil is doing everything at the same time. We are opening up the economy and establishing democracy at the same time. Things are much more difficult. It is sad to see a country like ours, with its tremendous potential, being battered by debates over minor matters.

[FOLHA DE SAO PAULO] What minor debates are keeping the Brazilian economy from taking off?

[Ximenes] I prefer to talk about the major debate that is not taking place: the one on tax reform. The Union cannot afford to make any investments. It has barely enough money to pay its employees. The lack of debate about that major problem is making it impossible for the administration to combat inflation.

[FOLHA DE SAO PAULO] Following your own reasoning, then, the debate about the IPMF [Temporary Tax on Financial Transactions] that was started by the administration is a minor debate. Is that what you think?

[Ximenes] When Gustavo Krause (the Itamar administration's first minister of finance) proposed a debate about taxes, the range of proposals he put forward was much wider. Congress debated, debated, and debated, and finally decided that the part including a value-added tax and other taxes should all be decided as part of the constitutional revision. And it ended up concentrating solely on the IPMF.

[FOLHA DE SAO PAULO] But former Minister Krause's first proposal could not be called a tax reform. It was very limited. What is your tax reform like? Do you feel that the state governors are willing to lose money or be given new powers?

[Ximenes] The governors are also doing badly. With the drop in production and employment, everybody is doing badly. Everybody is losing together. If we solve the Union's problem, we will all grow together.

[FOLHA DE SAO PAULO] Brazilian inflation is exceeded only by that in Russia, which has decided to open up its market after a 50-year period. Why are other countries managing to make economic decisions before Brazil? What is the secret?

[Ximenes] Each case is an individual case. Look at Chile. The economy there was straightened out while the political regime was a closed one. It is much easier to make things work if you do not have to debate them—if you do not have to bring 500 people together around a table. You choose a direction and you stick to it. And there is time for things to work out right. In Chile's case, things worked out right first and then they had their political opening-up. In Peru, they had to close things down politically. There was an opening-up, but they ended it. In Bolivia, there was a very strong government and an extremely strong orthodox program. Argentina's case would be like that of Brazil: a program was produced in a politically open democratic environment.

[FOLHA DE SAO PAULO] But the picture you are painting is a gloomy one. It assumes that fixing the economy depends on a closed political regime.

[Ximenes] I would not say that. We have already had politically closed regimes, but things did not turn out right. We had an opening-up here precisely because the solutions had not been found. What I am saying is that the timing is different. But I consider it essential that we try to solve our economic problems while preserving our democratic spaces.

[FOLHA DE SAO PAULO] What can be done to lower inflation?

[Ximenes] I am convinced that without a tax reform there is no solution. We need to prepare a tax reform bill to be debated in Congress and, God willing, approved before this year is out. It will be difficult, but I see no alternative. Let us say that debate on the tax reform bill begins early in the second half of the year. The debate would then be fully developed by October, and we would be ready for approval. I think the conditions would exist for winning approval by December. We need to build a bridge to get us to that point. The structure of that bridge must be centered on the containment of Treasury expenditures and on increased collections through tax enforcement activities. The mechanisms of monetary and exchange policy must be integrated to keep the economy under control.

[FOLHA DE SAO PAULO] Do you mean that by the end of the year, inflation will be where it is now?

[Ximenes] I feel that we must do everything possible to reduce it. But if we do manage to reduce it before the tax reform takes effect, it will not be by any fantastic amount. The big drop in inflation will not come until after the tax reform.

[FOLHA DE SAO PAULO] Are you certain that inflation will decline only as a result of tax reform?

[Ximenes] Our inflation is much more a matter of expectations. We do not have a monstrous deficit. The Union's debt, which is financed on the market, represents 8 percent of GDP [gross domestic product]. When combined with state bonds, it adds up to 10 percent of GDP. The corresponding figure in the United States is 50 percent, and in Italy it is 70 percent. By international standards, the Brazilian debt is a joke. It would be easy to manage if there were a tax reform. What we need to do is recover the state's investment capability.

[FOLHA DE SAO PAULO] You are prescribing patience. Brazil knows that President Itamar Franco is an impatient man. In the six months of his administration, he has had three ministers of finance. Isn't your prescription incompatible with the president's style?

[Ximenes] I do not think so. The president of the republic reflects the impatience of society itself. We have been in a crisis since 1982. At the start of that crisis, my son was just a kid. Now he is graduating from the university, and I do not know if he is going to have a job. I feel that the president's distress is a distress felt by all Brazilians.

[FOLHA DE SAO PAULO] Your words give the impression that you are an orthodox economist. But when you were part of former Minister Mailson da Nobrega's team, you helped put together a heterodox package—the Summer Plan—with the right to freeze prices. Who can guarantee that society will not be caught by surprise again?

[Ximenes] Beginning with the Cruzado Plan, which was the first shock to be administered, society picked up a few expectations. It began to speculate that there would be more interventions. The prospect of a shock became so intense that when prices were deregulated and inflation accelerated, intervention became inevitable. Today it has been proven that administering shocks is no longer worth the trouble.

[FOLHA DE SAO PAULO] Are you inoculated against shocks?

[Ximenes] I would never venture into something like that.

[FOLHA DE SAO PAULO] If the administration proposed another shock, would you jump ship?

[Ximenes] My talking about something like that makes it seem that I am opposing the other members of the team. Actually, that is the feeling of the team. It is the feeling of Eliseu, Carlos Eduardo (de Freitas, secretary of economic policy in the Ministry of Finance), and everyone else. We are inoculated against that sort of thing.

[FOLHA DE SAO PAULO] To some extent, society is still waiting for a plan that was announced by the administration back when Paulo Haddad was minister. The president has even told the political leaders that he intends to submit the measures to them before 21 April. What kind of plan is that going to be?

[Ximenes] I do not believe there will be any plan. It is obvious that we need a government plan of action. Minister Eliseu has already announced the main points in that program—the 15 points. People have said that there is nothing new about it—that everything was announced some time ago. But if we look at those points and break them down into government actions, we see that that is what the program is. The press has gotten excited because the administration is restructuring the intelligence system for keeping up with the behavior of prices. That is absolutely natural. Today every firm hires consultants to find out what is happening in the price market. The administration is simply reorganizing all that, in particular so that it will be able to act in advance—so that it will be able to take the sectors to the sectoral chambers. This is necessary until we recover our ability to make an economic policy—after the tax reform.

[FOLHA DE SAO PAULO] Do you think it will be possible in the sectoral chambers to push prices downward?

[Ximenes] I think so. It is in everyone's interest for prices to remain at a civilized level.

[FOLHA DE SAO PAULO] Right after the new Constitution was promulgated in 1988, you were secretary general in the Ministry of Finance. You were closely associated with the efforts by the then minister of planning, Joao Batista de Abreu, to implement tax reform, which at the time was nicknamed "Operation Dismount." Nothing ever came of it. What makes you think that reform will be approved now? Where do you get your optimism?

[Ximenes] I have to be optimistic; I need to be optimistic. If I do not believe that tax reform is coming, then I will not believe that there is a solution for Brazil. Otherwise, where will we stop? It is a bottomless pit. We need to stop debating and build something.

[FOLHA DE SAO PAULO] What can still be done in the brief time remaining to the Itamar administration?

[Ximenes] It is going to be very difficult for us to experience economic growth during that period. We will continue to have high inflation and, with it, complete instability in terms of investment. Businessmen cannot be persuaded to invest, because they do not believe in the economy's sustainability. If the Itamar administration is able to create the economic conditions for a takeoff, thus preparing the ground for the next administration, it will have accomplished its mission.

[FOLHA DE SAO PAULO] Will tax reform be the Itamar administration's greatest achievement?

[Ximenes] I feel that it will be. Every administration has promised one, but none has succeeded. If Itamar succeeds, he will go down in history.

[FOLHA DE SAO PAULO] Last week the dollar was affected by some surprising developments. There was one day when the Central Bank departed from its usual practice by simply not intervening in the market, thus allowing the parallel rate to rise. Is the person who bets on the dollar going to win?

[Ximenes] The Central Bank's action cannot be allowed to be predictable. When the market is certain of what the Central Bank will do, the bank is robbed—it will be worked over by businessmen, and they will all win. It is essential that the Central Bank not be predictable. The guy who wants to speculate must realize that he is taking risks. He will be making a bet. And he will lose, as has happened in previous periods.

* 'Social Emergency' Reflected in Poverty Study

93SM0220B Brasilia CORREIO BRAZILIENSE in Portuguese 19 Mar 92 p 5

[Text] President Itamar Franco acknowledged that a state of "social emergency" exists in Brazil and declared the battle against hunger and misery to be the government's "absolute priority." The statement was made during the second Cabinet meeting of his government, held yesterday at Planalto Palace. It was the occasion for the unveiling of the "Map of Hunger," prepared by the IPEA [Applied Economic-Social Research Institute], which reports that the country has 32 million indigents (21 percent of the population).

Itamar Franco called on the public at large and the states and cities to join in the effort to reduce this misery. And he ordered the ministers to submit antihunger plans and projects in their specific fields within 15 days. Those plans will be coordinated by the special committee created by the president yesterday to propose ways to combat hunger, unemployment, and the recession. The final proposals are to be delivered within 30 days, at the latest.

Priority to the hunger problem was assigned by the agenda itself. The president opened the meeting and immediately gave the floor to sociologist Herbert de Souza (Betinho), personally appointed by Itamar as informal coordinator of the committee assigned to prepare a comprehensive plan for combatting misery. Betinho warned that the entire administration must participate in the government's program and plan.

Betinho's admonishment had the president's wholehearted approval. In the sociologist's opinion, decentralized actions that do not involve everyone will not be effective, given the gravity of the situation. "The matter is so serious that if we do not face it together, we will have a problem larger than our ability to respond," he stated.

Betinho said he was confident of the determination shown by President Itamar Franco to make the war on hunger his administration's absolute priority. "My personal perception is that the president is truly worried. I know very well how to distinguish between actors and sincere people. I can tell the difference between Collor de Mello and Itamar Franco."

Other emergency problems were also discussed at the meeting, such as cholera, the drought in the Northeast, and the economic situation. All the ministers gave summaries of the accomplishments in their departments during the first five months of this administration. Minister of Health Jamil Haddad reported on the status of the cholera outbreak in Brazil and the steps being taken by the government to combat the disease. Before the meeting, the minister had acknowledged that he is having difficulties, and that his Ministry is not getting enough funds.

The meeting that the president convened on Wednesday to discuss the problem of the drought with governors and rural workers from the Northeast, continued during yesterday's meeting. The president set a 10-day deadline for the states to submit their plans for short-term relief of the effects of the drought. This study will determine how the $180 million will be spent that the government will release over a 90-day period.

Between now and the end of May, the government will call a meeting of governors, mayors, and representatives of the public to discuss a permanent program, to be known as Agenda Nordeste [Northeast Agenda], to counter the drought. "The purpose is to keep the next president of Brazil from having the same problems we are having," Franco observed, minutes before the start of the meeting.

Brazil: 32 Million in Misery

Brazil has 32 million indigents who live in a state of utter poverty—people whose monthly income, in the best of circumstances, is only enough to buy one "basic basket" of groceries. This 21 percent of the population is concentrated in seven states: Bahia, Minas Gerais, Ceara, Sao Paulo, Pernambuco, Parana, and Rio de Janeiro. The majority of this contingent, 7.2 million, lives in the Northeast region, 4.5 million in the metropolitan zones.

Brazil: Percentage Distribution of Indigents(*)

States	%
Bahia	13.67
Minas Gerais	10.96
Ceara	9.58
Pernambuco	7.34
Maranhao	7.27
Sao Paulo	6.72
Parana	5.94
Rio de Janeiro	5.38
Rio Grande do Sul	4.85
Paraiba	4.82
Piaui	4.78
Rio Grande do Norte	3.08
Goias	2.94
Alagoas	2.63
Espiritu Santo	2.14
Santa Catarina	2.1
Sergipe	1.39
Para	1.36
Mato Grosso do Sul	0.98
Mato Grosso	0.86
Federal District	0.40
Amazonas	0.39

Brazil: Percentage Distribution of Indigents(*) (Continued)

States	%
Rondonia	0.23
Acre	0.14
Amapa	0.04
Roraima	0.01

(*)By units of the federation, in relation to the total of 31,679,096 indigents in the country, 1990.

Source: IPEA/CPS - Brazil: Estimates of Indigent Persons, by Place of Residence and Unit of the Federation, 1990.

This misery was portrayed in the "Map of Hunger" prepared by the IPEA, part of the Ministry of Planning, at the request of President Itamar Franco. It will be on the basis of those data that the administration intends to develop its plans, programs, and goals for relieving the situation. The report suggested four immediate priorities: a reduction in the prices of the items in the "basic basket," decentralization of the school lunch program, a program to serve malnourished children, and a revision and expansion of the Worker Feeding Program.

Besides diagnosing the status of extreme poverty and its geographical distribution, the Map of Hunger depicts the production of cereal grains in this country. The conclusion drawn by project coordinator Anna Maria Peliano is that Brazil has neither a shortage of food to feed its hungry people nor a shortage of funds. The problem is that 90 percent of grain production (59 million tons in 1990) is concentrated in the South Central region, while 60 percent of the hungry are in the North/Northeast.

"It has been proven that we have no food shortage. Hunger exists here because the food is in one place and the people are in another. Secondly, there is no shortage of funds, because we have the world's [word garbled -ninth largest?] GDP. So do not tell me about a shortage of funds; what is missing is sense of priorities," Peliano asserted.

Sociologist Herbert de Souza (Betinho), appointed by the president to coordinate the government's antihunger campaign, stressed the "political commitment" made by the president in putting the entire administration to work on antihunger programs. He emphasized the importance of continuing the School Lunch Program, which has been experiencing paralysis because of insufficient budget appropriations. "This plan must not be suspended," he warned.

The Map of Hunger report suggests that a supplementary appropriation of $280 million would solve the school lunch problem. Those funds would be added to the $430 million in this year's budget, to ensure that the meals are provided.

To minimize the problem of infant malnutrition, which affects 2.7 million children under the age of two, it was suggested that a plan be developed for distributing powdered milk and soybean oil. To implement this plan, the government will need to find a source of $105 million in financing.

Chile

Argentine Official Interviewed on Security

PY0305214693 Santiago Television Nacional de Chile Imagen Internacional in Spanish 0100 GMT 2 May 93

["Exclusive" interview with Enrique De La Torre, the "Argentine Government's international security director" and Space Affairs director, by Raul Sor; place and date not given—recorded]

[Text] Buenos Aires has destroyed the missiles that could have reached Chilean territory.

In an exclusive interview with our expert Raul Sor, a high-ranking Argentine official said that there is room for enhanced mutual trust.

These are the U.S.-made Pershing missiles that served as a model for Argentina's Condor-2 missile. Now Buenos Aires has destroyed its Condor-2 missiles.

In fact, Argentina's foreign policy has taken a sharp turn, as explained by Enrique De La Torre, the Argentine Government's international security director.

[Begin recording] [Sor] The Condor-2 missile is dead. It has been destroyed. Do you believe this missile has improved or impoverished Argentina's security conditions?
[De La Torre] No. This missile has certainly impoverished Argentina's security conditions because it convinced the countries that own and transfer high technology that the transfer of technology to Argentina had to be limited.

[Sor] During the past decade, Argentina developed important offensive weapons. Nevertheless, an important change has taken place and, as you have pointed out, Argentina now appears to be leading the nonproliferation of mass destruction weapons.
[De La Torre] Certainly. After the Malvinas war, Argentina somehow experienced a very deep change of mind, a change finally hastened by international change—by the end of the cold war—that demonstrated that military development does not necessarily lead to victories. Our path involves seeking security through our country's economic growth.

[Sor] What are Argentina's proposals to increase mutual trust in our region?
[De La Torre] We believe that setting an example comes first. In this regard, Argentina began making decisions to guarantee to our neighbors that Argentina's high-technology development involves a peaceful policy. [end recording]

Foreign Minister Terms Rio Group, EEC Meeting 'Positive'

PY0305212393 Santiago LA TERCERA DE LA HORA in Spanish 26 Apr 93 p 4

[Report on interview with Chilean Foreign Minister Enrique Silva Cimma by Patricia Escalona; place and date not given. First seven paragraphs are introductory remarks; quotes as published]

[Text] Foreign Minister Enrique Silva Cimma said today that Latin America stands united before the EEC, adding that this has been recognized by the foreign ministers of both groups during the meeting held in Denmark.

Silva Cimma returned to Santiago on 25 April after attending the EEC-Rio Group meeting at which he was not only Chile's representative but also the Rio Group coordinator. In the latter role he acted as spokesman for the Latin American countries.

Silva Cimma labeled the meeting as "extraordinarily positive" because of the similarity of political viewpoints such as on defense of democracy and basic values like human rights.

"Economic issues were discussed more openly than at any other meeting. It was unanimously recognized that an understanding was reached between the Rio Group and the EEC to seek agreements and put aside protectionist measures.

"It was acknowledged that protectionism persists in certain areas, especially agriculture.

"It was also stated that imports of manufactured products from Latin America have increased by more than 10 percent over the past six years."

According to the foreign minister the meeting in Denmark decided to continue joint efforts through an economic meeting of the EEC and the Rio Group in the near future.

[Escalona] Has there been any concrete reduction of European protectionist measures?
[Silva Cimma] Yes, there has. They will gradually reduce their protectionist measures for agricultural products. They made it clear, however, that this is not something that can be done from one day to the other, because various European countries have strong agricultures.

[Escalona] Are the positions of Latin American countries toward Europe unanimous?
[Silva Cimma] You could say that, but some of the countries are a little bit more critical of protectionist measures such as the ones that apply to banana exports, for example.

[Escalona] Is there a stronger drive toward Latin American unity?
[Silva Cimma] Definitely so, and I attribute this to the significant role that the Rio Group is playing for the exchange of information and for permanent consultation among the countries. Today there are coincidences that did not exist before, and Latin America is reacting as a bloc, something which is very important at a time when the world is divided into economic blocs.

[Escalona] Aside from the Rio Group, is there anything else that unites Latin American countries?
[Silva Cimma] Latin America is enjoying democrcy; that is why my speech as Rio Group spokesman was optimistic. We did not voice complaints or petitions; on the contrary, our position was that of a new Latin America standing up for its rights.

"We are naturally concerned over economic and social difficulties, but our Latin America can now boast of accomplishments. Europe has acknowledged this by admitting that despite geographical distances and social differences, one thing is clear enough: the Rio Group and the EEC must unite.

Southern Cone To Be Linked by Single Satellite

PY0305201293 Santiago Radio Chilena Network in Spanish 1700 GMT 3 May 93

[Text] A new satellite will link Chile with Argentina, Paraguay, and Uruguay as of 1996. With this satellite the four countries will be able to develop joint programs and fully contribute to the development of international communications.

This was stated by Jose Antonio Sanchez Sevilla, Argentina's deputy director of the National Communications Commission.

[Begin recording, in progress] ...have been already moved and they are ready to begin operating in Argentina, Chile, and Uruguay. The satellite will offer services that we do not have at this time. The satellite will operate in a Ku band, which is a very sophisticated band that requires much smaller antennas. The ground component is, therefore, a lot cheaper. It will be possible, for instance, to think of a much more efficient direct service. People will be able to use a $200 decoder to receive television signals directly from the satellite. [end recording]

Expert Sanchez Sevilla listed some benefits that will be possible with the new satellite. They include direct television broadcasting to distant countries and the possibility of tele-medicine with programs produced by large centers in the cities to small towns in the country. The satellite system is a new tool for the integration of populations located long distances from each other or spread over a wide area.

Colombia

Escobar Seeks Guarantees, Says Pepes Still Operating

PA0305183293 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1800 GMT 3 May 93

[Report by Diego Alonso Sanchez in Medellin]

[Text] It has just been learned in Medellin that Pablo Escobar Gaviria has sent a letter to Prosecutor General Gustavo de Greiff. In the letter, the head of the Medellin Cartel announces he is willing to surrender again to Colombian justice if he is provided with sufficient guarantees.

In the letter, Pablo Escobar Gaviria accuses Fidel Castano and the heads of the Cali Cartel of forming the Persecuted by Pablo Escobar—Pepes—group. According to Escobar Gaviria, this organization has not disbanded as it announced a few days ago. Instead, he charges that it continues to operate and to murder people. Escobar Gaviria accuses the Cali Cartel members of murdering several Colombian people, whose deaths are blamed on Pablo Escobar. He also states that the Pepes continue to function in Medellin and the entire country and that their operations center is in El Poblado neighborhood in southwestern Medellin.

Drug-Trafficking Representatives Said To Reach 'Peace Agreement'

PA0105171093 Madrid EFE in Spanish 1843 GMT 30 Apr 93

[Text] Santa Fe de Bogota, 30 Apr (EFE)—Representatives of various Colombian drug-trafficking organizations met in Cali a few days ago where they reportedly reached a peace agreement, which included the Persecuted by Pablo Escobar (Pepes) group, according to media reports.

Colombian military and police forces, as well as the country's secret agencies, have neither officially denied nor confirmed the holding of the meeting.

The news was published by LA PATRIA newspaper of Manizales on 27 April. According to the report, the leading drug cartels decided to do away with the business in order to reduce the pressure from the Armed Forces and enjoy the wealth that they have obement was reached to end the cartel wars, the persecution among its members, and the destruction of their interests and those in the country and seek to better enjoy their wealth."

"Participants took advantage of the meeting to review topics that related to the present and future of said organizations in which the conclusion was to suspend all types of illegal activities," according to the newspaper.

"It was also learned that the participants decided to put an end to activities carried out by all those groups and organizations that in one way or the other do business with drugs from Colombia," the newspaper adds.

Army, FARC Columns Clash Near Sumapaz

PA0305133093 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1800 GMT 2 May 93

[Text] The Sumapaz mountains are unquestionably a war zone. Members of the Cimanco counterguerrilla company clashed with two Revolutionary Armed Forces of Colombia [FARC] columns: the Juan de la Cruz Varela and Jaime Pardo Leal columns. There is combat only two hours from Santa Fe de Bogota in the Nazareth Municipality area near Sumapaz.

These are the harshest clashes this part of the country has seen in the past few months. For the past 72 hours, the guerrillas have engaged in combat with three counterinsurgency companies deployed to Sumapaz following a guerrilla column's massacre of two soldiers who were being transported in an ambulance. Relief worker German Ryes commented on the murders:

[Begin recording] [Ryes] We have been treating the wounded. On 1 May we transported one victim.

[Unidentified reporter] Are many guerrillas wounded?

[Ryes] There have been two or three. Over the past four or five days several armed guerrillas have arrived. [end recording]

It seems as if the two insurgent columns are protecting FARC secretariat members. The Army deployed airborne reinforcements to Sumapaz on 2 May to continue the fighting that has been going on since 29 April.

Although the guerrillas have begun withdrawing to the mountains, the clashes were still intense on 2 May. According to the Army, the subversives have thrown the bodies of their dead into the river. At this time the Cimanco counterguerrilla company and the two FARC columns are still fighting near Sumapaz.

Pardo Acknowledges Insufficiency of Border Security

PA0305151593 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0130 GMT 3 May 93

[Report by Jesus Garzon—recorded]

[Text] There is a problem that concerns our national sovereignty; namely, the lack of border patrols. "TV Today" newscast has gained exclusive access to a document in which Defense Minister Rafael Pardo Rueda acknowledged this situation and said he would like to have more soldiers patrolling the borders, but that is impossible.

[Garzon] According to the government, the majority of available troops are used to fight guerrillas and drug traffickers. In the document to which "TV Today" gained access, the defense minister told Congress that

the number of soldiers on the border with Venezuela, that is in the La Guajira, Cucuta, and Arauca areas, has been reduced due to the war the military forces are waging against drug traffickers and rebels. In sum, the government acknowledged that the number of soldiers on each border area is not enough to defend national sovereignty. That is why policemen are used at border posts, although that task should be handled exclusively by the Army, Navy, and Air Force.

Congress criticized the Defense Ministry and warned that Colombia lacks a specialized corps to handle border security. In addition, although the government affirmed that it has earmarked 18.5 billion pesos for border patrols this year, the Congress warned that it does not know how that budget is being implemented. As if that were not enough, the Second Committee of the House of Representatives asked the government to explain why there is a foreign military presence [not further identified] in Colombia without prior authorization by the Senate and State Council. [end recording]

German Government Refuses Visas to Soldiers

PA0405033293 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 3 May 93

[Text] Colombia is on the verge of a serious diplomatic incident with Germany, its main commercial partner in Europe, because the German Government has refused to authorize visas for some Colombian soldiers who were scheduled to attend a course that is mandatory every year for policemen and soldiers. The German Government's decision was based on a book entitled "State Terrorism in Colombia." The book gives detailed accounts of alleged human rights violations by General Juan Salcedo Lora, Colonel Gabriel Chema, Colonel Jose Vicente Urbina, and Colonel Nestor Ramirez. On the afternoon of 3 May, President Gaviria and Foreign Minister Nohemi Sanin de Rubio will hold an extraordinary meeting to decide the nature of the protest they will present to the German Government.

Foreign Oil Companies Reject High Taxes

PA0305141693 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0130 GMT 3 May 93

[Report by Juan Roberto Vargas]

[Text] Foreign oil companies operating in Colombia have protested against the avalanche of taxes that is burdening their activities. One of the companies has already begun to sell its assets, arguing the business no longer produces income.

The excessive tax burden is the main concern of foreign companies in Colombia that exploit crude oil in the country. This has prompted Esso to announce the sale of its assets in oil wells located on the eastern flatlands, where it has been working with a loss due to the high taxes and production costs.

[Begin Juan Rendon, Colombian Petroleum Enterprise president, recording] Some taxes have been imposed—shipment taxes, war taxes—and they generated some level of criticism from the foreigners, who claim the activity is no longer income-producing. [end recording]

Colombia is the country most burdened by taxes on oil exploitation. The state keeps approximately 88 percent of the profits and the companies keep the remaining 12 percent. This type of arrangement attracts very few people compared with Russia, PRC, and Egypt—which have enormous oil reserves and are opening their doors to foreign investments.

The situation contradicts the argument used by guerrilla groups to justify their attacks on the oil infrastructure because foreign companies are reportedly stealing Colombia's oil. These and other obstacles have also prompted the companies to reduce their drilling activities in the country.

[Begin Rendon recording] In general terms, normally 60 oil wells are drilled each year in Colombia, however, 30 have been drilled in recent years. [end recording]

This is why the government is considering the idea of modifying certain terms of its association contracts and it will oppose the creation of new taxes on the oil industry, as proposed in the royalties fund bill currently being reviewed by Congress.

Paraguay

Foreign Minister Rejects 'Possible' U.S. Military Intervention in Elections

PY0405025193 Asuncion RPC Television Network in Spanish 0006 GMT 4 May 93

[Text] Foreign Minister Alexis Frutos Vaesken today rejected reports of a possible U.S. military intervention in our country in the event of an interruption of our democratic process. He said that such a thing simply cannot happen.

[Begin recording] [Frutos] No, no, nothing like that will happen. We have time and again said that that simply will not happen. It will not happen. The Armed Forces also are committed to safeguarding the democratic process. I hope the elections will be held because we are still awaiting a decision by the Supreme Court. In my opinion, the Court will rule in favor of holding the election.

The government, the Armed Froces, and so forth will respect the outcome of the election; that is, the people's will.

[Unidentified reporter] U.S. media organizations have reported on the deployment of U.S. military forces currently stationed in Bolivia. The report was neither denied nor ruled out by the U.S. Embassy.

[Frutos] I have no information about that, but anyway I reject any form of intervention. It will not happen. There are no reasons for it. [end recording]

Oviedo Holds 'Secret' Meetings With Colorado Party Precinct Chairmen

PY3004181893 Asuncion ABC COLOR in Spanish 30 Apr 93 p 9

[Article by Ciudad del Este correspondent Hector Guerin]

[Text] General-politician Lino Cesar Oviedo went on the stump in Ciudad del Este yesterday, urging voters to support the Colorado Party ticket. Gen. Oviedo held a secret meeting with most of the Colorado Party precinct chairmen of the area and Alto Parana Department mayors at an undisclosed place.

According to the information provided by one of the participants in the meeting—who chose to remain anonymous in case somebody should retaliate against him—Gen. Oviedo's speech was along the same lines as the one delivered during the meeting he held with Colorado Party mayors at the Interior Ministry.

The informant said that Gen. Oviedo's harangue revolved around the need to assure the ANR's [National Republican Association—Colorado Party] victory in the forthcoming 9 May general elections so that the Armed Forces and the Colorado Party might continue to rule the country.

Our informant pointed out that the subject of the unfortunate and much-publicized troika "Government-Party-Armed Forces" resurfaced in yesterday's meeting.

According to our informant, pro-Argana mayors Guillermo Campuzano from Cuidad del Este and Arsenio Mallorquin from Hernandarias did not attend the meeting.

The participants in the meeting with Gen. Oviedo and another three Army generals went to the place where the meeting was to be held under military escort.

It is known that precinct chairmen were taken from their homes to the site of the meeting in a bus belonging to the Border Cavalry regiment, while mayors were summoned to attend the meeting with Gen. Oviedo by phone.

The latter were chauffeured to the meeting, in which Gen. Oviedo repeated his controversial speech that the Armed Forces and the Colorado party will co-govern the country following the victory of the ANR at the polls.

The meeting, which was slated for 0900 local time, lasted until well after midday. Some mayors, such as the ones from Presidente Franco, Mbaracayu, Santa Rita, and San Alberto, were not to be found at their offices during the entire morning. It is thus possible to infer that they attended the political meeting.

On the afternoon of 29 April, we received information about similar meetings held between Gen. Oviedo and Colorado Party members from Paraguari.

Colorado Presidential Candidate Receiving 'Death Threats'

PY3004181993 Asuncion HOY in Spanish 30 Apr 93 p 3

[Article by correspondent Ruben Dario Baez]

[Text] Caacupe—Juan Carlos Wasmosy, the National Republican Association's [Colorado Party] candidate for president of the Republic, has reported that he has received threats "from reactionaries disguised as democrats." He reported the threats during a well-attended rally held last night at the Teniente Farina Club in this city. Angel Roberto Seifart, candidate for the post of vice president of the Republic, and other candidates for national and departmental posts also participated in the rally.

During his speech Wasmosy said: "I have received death threats for the third time from reactionaries who cannot stand that the Colorado Party will continue bringing peace, progress, and well-being to the Republic." According to his remarks to his fellow party members, who packed the square, Wasmosy attributed the serious threats "to those disguised as democrats."

Seifart, Juan Carlos Galaverna, Cesar Garcia Gavilan, Marcial Quinonez, Victor Ocampos, and Roberto Gimenez, among others, also spoke during the rally.

Alleged Violation of Electoral Code Could Affect Elections

PY0305225293 Asuncion ULTIMA HORA in Spanish 3 May 93 p 2

[Text] Another threat that the 9 May elections may be called off looms ahead. A batch of 300,000 ballots that did not include the names of Progressive Social Political Movement (MPSP) candidates for president and vice president arrived at the Central Electoral Court [JEC] this morning. Other ballots that did include the name of the aforementioned candidates have already been distributed, though. Pursuant to Article 327, paragraph E of the Electoral Code, this constitutes grounds for postponing the elections.

The Electoral Court of Asuncion (TEC) had informed the JEC that the MPSP, whose presidential candidate is Leandro Prieto Yegros, lacks legal status and therefore is not entitled to participate in the forthcoming general election.

Rafael Jacobo, a Colorado Party member of the JEC, pointed out that in light of this fact the JEC decided to eliminate MPSP candidates from the ballots it printed.

JEC members of the opposition, however, rejected this justification on the grounds that the Electoral Code states that ballots shall not be printed until 5 April. After this date, ballots shall be printed with the names of all the candidates that have registered for the election. Should one or more candidates be disqualified later, the original ballot shall not be modified.

Hermes Uliambre and Joaquin Cazal from the PRLA [Authentic Radical Liberal Party] and Leopoldo Elizeche from the PRF [Febrerista Revolutionary Party] pointed out that the reason for this unilateral measure is to suspend the elections, as it violates Article 327, paragraph E of the Electoral Code.

This article that deals with the grounds for canceling elections provides that elections will be called off whenever illegal voters registry lists or ballots are used or whenever ballots fail to include the name of a candidate.

ANR [National Republic Association - Colorado Party] members of the JEC asserted that the decision to remove ticket No. 12 from the ballots was reached at a plenary session of the court on 30 April. Members of the opposition emphatically denied this and contended that this is a move concocted by JEC chairman Jose Luis Ibarra Llano, as he is the only one who can authorize such a thing.

They stated that this is a disloyal attitude, because the Broad Front is in the same situation as the MPSP.

EN's Caballero Vargas Discusses National Issues

PY0405003693 Asuncion ULTIMA HORA in Spanish 1 May 93 p 8

["Exclusive" interview with Guillermo Caballero Vargas, presidential candidate for the National Encounter Alliance, EN, by unidentified reporter; place and date not given]

[ULTIMA HORA] Do you think we have made progress or gone backward considering the latest political developments?
[Caballero Vargas] I think we have made a lot of progress. The balance for these four years is very positive. We must also recognize that the power structure created in the country under the authoritarian regime has refused to accept the new reality and has created a series of situations intending to change the people's decisions.

[ULTIMA HORA] Do you think that we will have clear and clean elections on 9 May?
[Caballero Vargas] That is the responsibility of each Paraguayan. If all of us commit ourselves to democratize the Republic we should be able to control all fraud attempts that might be organized by those used to the authoritarian system.

[ULTIMA HORA] What precautions is the National Encounter preparing for that eventuality?
[Caballero Vargas] We are mounting a control apparatus never before seen in the country. We will mobilize some 45,000 people on election day to give as much clarity as possible to our democratic process, and particularly regarding the 9 May election.

[ULTIMA HORA] For what reasons?
[Caballero Vargas] There is no social or political atmosphere in Paraguay to justify the non-recognition of the people's will, and we must recognize that there also is very strong international pressure. There is no space for a retreat in this transition to democracy.

[ULTIMA HORA] Do you trust in the effectiveness of the presence of observers?
[Caballero Vargas] The observers are part of a dissuasive pressure on the forces that intend to perpetuate themselves in power by means of electoral fraud, but they cannot really guarantee transparent, fair, and legitimate elections.

[ULTIMA HORA] What are National Encounter's plans in the event that the results are not respected?
[Caballero Vargas] It will be impossible; there will be an atmosphere of ungovernability toward anyone who attempts to ignore the people's will and any attempt to ignore the true election results will be very short lived. There will not even be an attempt to disrespect these election results.

[ULTIMA HORA] How can one govern without having majority support in congress?
[Caballero Vargas] In this country, in order to democratize state and society, we urgently need an understanding and coparticipation in the national administration. If none of the political forces attains a majority in congress, this is a guarantee that whoever wins the presidency will have to negotiate support for his administration.

[ULTIMA HORA] What are the factors that have made the National Encounter congressional candidates obtain so little support in the polls?
[Caballero Vargas] This reflects the party preferences in our country. We must recognize that the two traditional political parties have the support of practically 75 percent of the voters. This leaves something like 25 percent of independent citizens who have a social Christian and social democrat leaning, and that is the force that will be voted on for gubernatorial and congressional seats. National Encounter and its presidential candidate have obtained the support of sectors who would normally vote for the candidates of the traditional parties. That is why there is a distance between the support for the National Encounter presidential candidate and congressional candidates.

[ULTIMA HORA] Why wasn't an alliance possible with the Authentic Radical Liberal Party?
[Caballero Vargas] Because we could not reach an agreement regarding the basic points for an understanding. Perhaps we used different parameters to decide who must head this force of change in our country and we could not reach points in common to solve this conflict of leadership.

[ULTIMA HORA] According to Laino, he even offered to resign his candidacy.
[Caballero Vargas] No, to speak the truth, we said that the change should be headed by whomever obtained more support and in order to decide this we had to resort

to scientific methods to measure the candidate's popularity. We placed our candidacy at that disposal to allow special committees to decide who was in a better position, but we did not reach an agreement, so the possibility of uniting our two forces was not fulfilled.

[ULTIMA HORA] Could you mention three priorities of your administration?
[Caballero Vargas] A first measure could be aimed at attaining a balance of power, a second measure at democratizing state and society, and a third measure to introduce reforms in the fields of education, health, land property, other minor reforms like a tax reform, and mainly, an accelerated industrial development policy.

[ULTIMA HORA] Can the state apparatus be reformed maintaining current public employees in their posts?
[Caballero Vargas] It is absolutely possible and necessary. We must improve our resources in public administration, we must train them so as to provide answers to our urgent social problems. We must make efficient use of the human resources in the public administration.

[ULTIMA HORA] How do you intend to administer the interests of the several sectors taking into consideration the composition of your movement?
[Caballero Vargas] National Encounter is an integrating project for society with two instances: a political integration that necessarily leads us to try by all means a coparticipation of government with other political forces, since none of the current three prevailing forces will attain a majority in congress, which forces us to conciliate our positions to establish lasting policies throughout the administration.

[ULTIMA HORA] What is the other instance?
[Caballero Vargas] A social integrating project. We are convinced that the new, fair, social development model our country needs without fail requires a constructive dialogue among the productive forces. This has prompted us to place in our list of candidates women and men from several social sectors. Thus, to attain this needed social integration, we have candidates whose background comes from labor unions, private enterprise, and professionals. We must dedicate a new relationship in Paraguayan society that requires not only equal opportunities, but mainly an equilibrium of forces.

[ULTIMA HORA] What are your government plans for the Armed Forces?
[Caballero Vargas] We must not forget that the new constitution establishes that the new congress that will be installed on 1 June must organize the public forces of our country.

[ULTIMA HORA] Would you delegate the position of commander in chief of the Armed Forces?
[Caballero Vargas] We are sure that in our relations with the Armed Forces, the post of commander in chief is not liable to be delegated. Based on this, we can begin discussions with our military personnel about the organization of our public forces.

[ULTIMA HORA] What is your opinion of the creation of the post of commander of military forces?

[Caballero Vargas] The president of the Republic has proceeded within the limits of the Constitution, but this must be submitted to the congress that will be installed next 1 June, which will decide on the organization of our public forces.

[ULTIMA HORA] What about the statements of Rear Admiral Gonzalez Petit, who said that the Armed Forces cannot be handled by a civilian?

[Caballero Vargas] I think that what he meant is that the Armed Forces must be administered by professional military men. If this is what he really meant he is correct; but it must be perfectly clear that in whatever kind of organization is adopted, the president of the Republic makes the political decision. The implementation of that political decision will be in the hands of professional military men.

[ULTIMA HORA] What do you think of the statements of General Lino Oviedo, who said he will be proud if he retired for defending the Colorado Party?

[Caballero Vargas] That is his opinion. Apparently, he is meddling in politics; I do not think he should wait to be sent into retirement. He should do as General Machuca Vargas did, who asked to retire and then dedicated himself to politics, which is an attitude that I applaud.

[ULTIMA HORA] What do you think of the participation of the military in private economic activities?

[Caballero Vargas] This is a subject we must discuss, because we really are in a vicious circle. On the one hand, military personnel receive salaries which are not exactly very generous, permanently pressuring them to exert other activities outside their profession. Normally this should not happen, because they are full time public employees, and 100 percent of their labor day should be dedicated to their profession.

[ULTIMA HORA] Will you make available university studies to soldiers?

[Caballero Vargas] When we speak of making them professionals we are not only speaking of qualifying to the maximum our Armed Forces human resources, but we are also speaking of supporting and encouraging our military men to attend the university so as to allow them to integrate into civilian society without much inconveniences once they retire. As a result of a decision by Stroessner in 1960, there exists a virtual prohibition for soldiers to attend university or institutes of higher learning, because at the time he considered that they would contaminate themselves with the spirit of the freedom of universities, but this stage has been overcome.

Vice Admiral Gonzalez To Occupy Main Office at Armed Forces Command

PY2904132193 Asuncion ULTIMA HORA in Spanish 28 Apr 93 p 12

[Text] As of today and until 15 August, when the new president is scheduled to assume the Presidency, Vice Admiral Eduardo Gonzalez Petit, the commander of military forces, will occupy the main office at the Armed Forces Command headquarters, where will see to military matters from Monday through Friday. In so doing, Gonzalez Petit will be implementing something for which there is yet no regulation, and which the military chiefs choose to call the Armed Forces Joint Staff [Estado Mayor-Fuerzas Armadas] (EMFA).

Gonzalez Petit will hold meetings and make decisions in conjunction with Armed Forces Commander Andres Rodriguez, without the need for the latter to be present at the Armed Forces Command headquarters. The delegation of the Armed Forces command has taken place at a time of political turmoil and intransigent positions upheld by the military commanders.

A series of developments have ensued since the day on which Eduardo Gonzalez Petit, the commander of military forces, commented about his duties and said that the Armed Forces should be led by a military officer, and high-ranking military chiefs said that the Armed Forces command can be shared, until today when Vice Admiral Gonzalez Petit assumed duties at the EMFA.

The brief report issued by the president's press office states that the chief of state will attend to matters at Government House in view of the difficult political situation the country is experiencing. It is not specified whether this will be a routine practice until 15 August.

Central Bank President Cited on Economic Situation

PY0305223593 Asuncion ABC COLOR in Spanish 2 May 93 p 19

[Text] Paraguayan Central Bank [BCP] President Jose Enrique Paez has stated that his institution is closely and objectively following the electoral process because of the possible effects it may have on the stability of the currency and the financial system. He added, however, that so far the economy appears to be solid. This allows for a reasonably optimistic view of the future.

Paez said that the close relationship between political conditions and economic variables is well known around the world. He emphasized, however, that many other internal and foreign factors have an influence on the behavior and decisions of economic agents.

Among the internal factors he mentioned that our country's production of raw materials for export is showing clear signs of recovery. The international prices of Paraguayan exports also exhibited a positive trend this year. "These elements allow us to estimate that the Gross Domestic Product will grow by 4 percent or more in 1993," Paez said.

Political uncertainty usually comes together with economic instability and the flight of capital. Paez believes, however, that despite the critical times and the rumors of a breach of the democratic process the situation in Paraguay remains under control, thanks largely to the success of the monetary stabilization program.

"Monetary instability is frequently mentioned as one of the main causes for dollarization of any economy and for the flight of capital. Meanwhile, Paraguay has managed to control this variable and the government is committed to the policy of monetary stabilization which it plans to continue until it is fully consolidated," Paez stated.

He added: "On the other hand, taking into account that interest rates decide the direction in which international capital will flow, the situation prevailing at foreign financial markets makes it quite improbable that capital will leave the country. On the contrary it is probable that large amounts will flow into the region because the difference in interest rates still favors local currencies."

The high-ranking BCP official explained that foreign currency deposits by 27 April show a 13 percent increase as compared to December 1992. He emphasized that "despite the existing political circumstances the exchange market has evinced marked stability throughout the past two months, just one week before the elections."

He said: "Because of all this, one can be reasonably optimistic about the short- and long-term future."

If despite everything instability should rear its head, the BCP will step in only to lessen sudden changes but not to twist around tendencies, in keeping with the principles of economic freedom, Paez explained.

He stated: "The country has had the system of a free and fluctuating exchange since 27 February 1989. Within this system the BCP plays a regulatory role to prevent sudden and violent changes of the exchange rate, without tampering with the actual trends."

He added, however, that the possibility that the BCP will have to step in is very remote. "The relative stability of key economic variables such as interest and exchange rates shows that the influence political factors are exerting on the economy at this point is reasonable. Thus, there are no factors that could justify an intervention into the exchange market. Furthermore, bearing in mind the level of net international reserves is adequate as compared to foreign currency deposits, the BCP has the appropriate mechanisms and instruments to stabilize the exchange markets if necessary. It has also been proven that a timely and proper combination of monetary and exchange operations can neutralize any speculative activity," Paez said.

Asked about the pressures that the BCP may be enduring from the politicians, especially those of the ruling party, Paez answered: "Facts have taught us that it is important to have a central bank that is uninvolved in political ups and downs as the practical means of preserving monetary stability and securing the stability of the monetary policy. Thus, the BCP remains committed to its objective of consolidating monetary stability and will continue battling to make sure that its new charter establishes the required level of institutional autonomy."

Waterway Project Launched in Asuncion

PY2904030893 Asuncion ABC COLOR in Spanish 28 Apr 93 p 23

[Text] The first of the three stages comprising the Paraguay-Parana Waterway intergovernmental project has been launched after overcoming some salary problems and with months of delay. The project's objective is to make river traffic possible and easy from Port Caceres (Brazil) to Nueva Palmira (Uruguay). The project involves Paraguay, Argentina, Bolivia, Brazil, and Uruguay includes 3,442 km of rivers.

Asked about the matter, Antonio Felix Lopez, the Foreign Ministry's economic affairs vice minister, said that works are going on smoothly in our country with the visit of foreign experts to ports located on the Paraguay River. The project contemplates three modules, or stages, denominated "A," "B," and "C." The "A" module that began a short time ago contemplates engineering works that will begin immediately. The five member countries must be ready to obtain financing for urgent works in accordance with the designs worked out by the consulting firm in charge of studies for module A1 and A2. The first stage should be finished in six months.

The second stage, or module "B," will begin before the end of module "A." It will determine medium-term works and will last eight months.

The third stage, or module "C," will be the longest (one year). It affects the environment, and it will substantially improve conditions in the Paraguay and Parana rivers.

Uruguay

Lacalle Concludes 3-Day Official Visit to Belgium

PY3004020293 Montevideo Radio El Espectador Network in Spanish 0000 GMT 30 Apr 93

[Text] President Luis Alberto Lacalle said today that we will not have the opening we wanted when the Uruguay GATT Round, which began six years ago with great euphoria and confidence, concludes.

Lacalle added: Now we will have to wait for the solution of the problems between the United States and the EEC. Lacalle made these comments in a news conference in Brussels, where he concluded a three-day official visit to Belgium and the EC organizations. Lacalle also regretted the EC's protectionism because it is hurting our country due to two factors: the difficult access to the European market and the participation of Europe in our markets with subsidized products.

During his meetings with the European Commission president and the commissioner for Latin America, Lacalle proposed an improvement of the conditions for Uruguayan access to the EC and criticized the bad decision to subsidize sales abroad. Lacalle reported that during his visit a green light was given by the EC to grant a $20 million nonrefundable loan to Uruguay, of which about half will be used for social projects and the other half for administrative decentralization. Lacalle also discussed measures to increase cooperation between the EC and Mercosur [Common Market of the South] because Uruguay hopes to fulfill an important role as a member of Mercosur, which has a potential market of 200 million consumers. Lacalle also expressed his satisfaction with current relations with the EC, but he believes the relations can and should be improved and that this is the objective of his visit.

President Lacalle also opened a business meeting entitled European Community-Uruguay, which was financed by the European Commission for the purpose of explaining the current conditions for private investments in our country and stimulating participation in major infrastructure and industrial projects.

Regarding the Cuban regime, Lacalle said the Cuban people have not been consulted about the government for the last 30 years, therefore this government lacks legitimacy. He added it would be appropriate to have a political opening in that country as soon as possible.

Regarding Peru, Lacalle said the damage done to the institutions is being repaired, and he believes Peru is going through very particular circumstances that are being overcome.

President Lacalle, who had lunch today with the Belgium prime minister and foreign minister, said there are good, traditional relations with Belgium, which has many similarities to Uruguay because the two are small and surrounded by important countries.

Agriculture Minister Returns, Comments

PY0305215893 Montevideo Radio El Espectador Network in Spanish 1600 GMT 3 May 93

[Excerpts] [passage omitted] The livestock, agriculture, and fishing minister arrived at Carrasco International Airport at 0630 this morning. Pedro Saravia discussed the new agriculture tax issue with CX14 Radio El Espectador. Some media had already described this tax as a fait accompli, but, in an interview with CX14 reporter Nelson Blanchet this morning, the agriculture and fishing minister clearly explains this issue. [passage omitted]

Trade with the EEC has been described by all Uruguayan agronomic circles as very important. Nevertheless, these

circles have especially emphasized the Hilton quota. Therefore, actions in this field have been stepped up. The Uruguayan concerns were raised by a delegation that visited Brussels, and it is expected that satisfactory results will soon be achieved, Minister Pedro Saravia added.

[Begin recording, in progress] ...bearing in mind that, for us, trade with the EEC is very important in all agricultural and livestock lines, but it is especially important as far as the Hilton quota is concerned.

During our visit, we raised a number of situations that had been somehow delayed. We raised some proposals that will be discussed between our ambassador in Brussels and the EEC agriculture minister within the next few days.

I personally met with the EEC agriculture minister, his advisers, and his directors general. During our meeting, we raised some issues that Uruguay especially wants resolved, if possible, within the next few days. Some of these issues—and other issues as well—will necessarily have to wait for a response or an agreement between the EEC and the United States. In my opinion, rather than a problem between them, this kind of trade war that they have declared disturbs world trade. [end recording]